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DEPARTMENT OF DEFENSE

SECONDARY ITEM STRATIFICATION MANUAL

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TECHNOLOGY

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FOREWORD

This Manual is issued under authority of DoD Directive 4140.1, "Materiel Management Policy," January 4, 1993. It provides the standard specifications for the Secondary Item Stratifications to ensure the uniform portrayal of materiel requirements and assets of individual secondary items at the wholesale and retail levels among all DoD Components. It also is a detailed reference Manual on the development of each stratification matrix, which must be provided to the Office of the Secretary of Defense twice annually by weapon system, budget category, and Inventory Control Point.

This Manual applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Chairman of the Joint Chiefs of Staff, the Inspector General of the Department of Defense (IG, DoD); the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components"). This Manual is effective immediately; it is mandatory for use by all the DoD Components. Send recommended changes to this Manual to:

The Assistant Deputy Under Secretary of Defense for
Materiel and Distribution Management Policy
3500 Defense, Pentagon
Washington, DC 20301-3500

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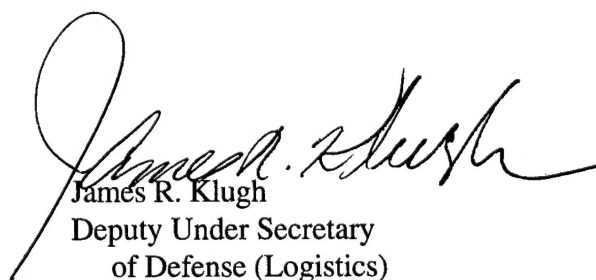

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REFERENCES

- (a) DoD Directive 3110.6, "War Reserve Materiel Policy," April 25, 1994
- (b) Defense Planning Guidance
- (c) DoD 4140.1-R, "DoD Materiel Management Regulation," January 1993, authorized by DoD Directive 4140.1, January 4, 1993
- (d) DoD Directive 4140.1, "Materiel Management Policy," January 4, 1993

DEFINITIONS

1. Acquisition Lead Time (AQLT). The sum of the Administrative Lead Time (ALT) and Production Lead Time (PLT).
2. Active Inventory. Materiel that is expected to be consumed within the budget year (2 years) and materiel that has been purchased to meet specific war reserve requirements.
3. Administrative Lead time (ALT). The time interval between identification of a need to buy and the letting of a contract or the placing of an order.
4. Approved Acquisition Objective. The quantity of an item authorized for peacetime and wartime requirements to equip and sustain U.S. and Allied Forces in accordance with current DoD policies and plans. This quantity shall be sufficient to support other U.S. Government agencies, as appropriate.
5. Assembly. An item forming a portion of a piece of equipment that can be provisioned and replaced as an entity and incorporates replaceable parts or groups of parts.
6. Average Customer Wait Time. The mean average time, in days, required to satisfy customer demands, whether or not the demand was for a stocked or a non-stocked item, or the demand was satisfied from stock on-hand at the supply activity or other sources.
7. Component (lower case). An assembly or any combinations of parts, subassemblies, or assemblies mounted together in manufacture, assembly, maintenance, or rebuild.
8. Consumable Item of Supply. An item of supply (except explosive ordnance, major end items of equipment, and reparable) that is normally expended or used up beyond recovery in the use for which it is designed or intended.
9. Consumer Level of Supply. An inventory, regardless of funding source, usually of limited range and depth, held only by the final element in an established supply distribution system for the sole purpose of internal consumption.
10. Consumer-Level Stock. The lowest Retail Level of Supply. (See definition of "Retail-Level Supply.")
11. Contingency Retention Stock. That portion of the quantity of an item greater than the AAO and economic retention stock for which there is no predictable demand or quantifiable requirement, and that

normally would be allocated as Potential Reutilization Stock, except for a determination that the quantity will be retained for specific contingencies.

12. Customer Demand Pattern. A historical profile of the demands for an item arrayed within timeframes in terms of the geographic locations of the requiring activities and the quantitative volumes required.

13. Demand. An indication of a requirement (requisition, request, issue, reparable generation, etc.) for issue of serviceable materiel. Demands are categorized as either recurring or nonrecurring.

14. Demand-Based Items. Items that are stocked based on forecasted usage. Demand-based items are stocked based on economics or on military mission essentiality for limited demand items.

a. Economic Based. Demand-based items are stocked based on economics when the cost of being out of stock is equal to or exceeds the cost of holding stock and shall be stocked at the wholesale level.

b. Limited Demand. An item for which usage is anticipated but the item does not meet the established economic stockage criteria. Although limited demand items fail the economic criteria for demand-based stockage because the probability of demand is low, they qualify as an MME code I, II, or III because the lack of a replacement item would seriously hamper the operational readiness of a weapon system.

15. Demand Development Period. The period of time extending from the date of preliminary operational capability to a point in time when spare and repair parts requirements can be forecast based on actual demands using statistically valid methods.

16. Demand-Supported Item. Applied to a specific location or retail inventory (either intermediate or consumer), a demand-supported item is one for which the decision to stock, not to stock or to continue stockage is based upon actual demands, previously recorded at or transferred to that particular activity or location.

17. Economic Order Quantity (EOQ). The quantity derived from a mathematical technique used to determine the optimum (lowest) total variable costs to order and hold inventory.

18. Economic Repair Quantity (ERQ). The quantity derived from a mathematical technique used to determine the optimum (lowest) total variable costs to repair and hold inventory.

19. Economic Retention Stock. That portion of the quantity of an item greater than the AAO determined to be more economical to retain for future peacetime issues than to dispose and satisfy projected future requirements through new procurement and/or repair. To warrant economic retention, an item must have a reasonably predictable demand rate.

20. End Item. A final combination of end products, component parts, or materials ready for its intended use (e.g., a ship, tank, mobile machine shop, or aircraft).

21. End Use Secondary Item Materiel. Materiel in use or to be consumed that is no longer under the custody or on the records of the Supply System or a supply organization; materiel that has been issued to the ultimate consumer for use and/or consumption and is not intended for further redistribution. These are expensed assets for financial accounting purposes and are not considered Supply System stock or inventory for any purpose and will not be reported as such.

22. End-User. That individual or organizational element authorized to use supply items. This is normally the terminal point in the logistics system at which action is initiated to obtain materiel required for the accomplishment of an assigned mission or task.

23. Essential Item. A support item or a repair part whose absence renders the supported system or end item inoperable.

24. Excess. Materiel that has completed reutilization screening within the Department of Defense (DoD) and is not required for the needs and the discharge of responsibilities of any activity.

25. In-process Assets. Assets on order from DoD vendors and not yet shipped, assets in repair at depot-level organic or commercial repair facilities, and assets in repair at intermediate repair facilities.

26. In-storage Assets. Assets in storage at retail consumer level sites, at retail intermediate storage sites, at disposal activities, or in wholesale inventories.

27. In Transit Assets. Assets defined as "in transit" represent materiel that is between storage locations, either wholesale or retail; materiel shipped from vendors after acceptance by the Government but not yet received by the inventory manager; materiel temporarily in-use or on loan with contractors or schools; or materiel that cannot be otherwise categorized. In transit assets are not included in the records of wholesale inventory used in the stratification process.

28. Inactive Inventory. Materiel that is not expected to be consumed within the budget period but is likely to be used in future years.

29. Initial Supply Support. Providing the range and quantity of spare and repair parts for a period of service before replenishment supply support; synonymous with provisioning of initial spare and repair parts.

30. Insurance Item. A nondemand-based, stocked, essential item for which no failure is predicted through normal usage. However, if a failure were to be experienced, or a loss should occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement item would seriously hamper the operational capability of a weapon system.

31. Integrated Materiel Manager (IMM). Any DoD activity or agency that has been assigned wholesale integrated materiel management responsibility for the DoD and participating Federal Agencies. Integrated materiel management responsibilities include cataloging, requirements determination, procurement, distribution, overhaul, repair and disposal of materiel. The terms Integrated Materiel Manager (IMM), Inventory Control Point (ICP), and Materiel Manager are synonymous.

32. Intermediate Supply. Intermediate supply refers to any level of inventory between the consumer and wholesale level of inventory and is considered a retail level. The terms "intermediate supply," "intermediate level of inventory," and "retail intermediate echelon" are synonymous.

33. Life-of-Type Buy. A one-time procurement, when all cost-effective and prudent alternatives have been exhausted, for the total future requirement of an item that is no longer expected to be produced. The procurement quantity shall be based upon demand or engineering estimates of mortality sufficient to support the applicable equipment until phased out.

34. Limited Demand Item. A demand-based item for which usage is anticipated but the item does not meet the established economic stockage criteria, or an item for which the computed demand-based quantity is less than the authorized stockage level. Although limited demand items fail the economic criteria for demand-based stockage because the probability of demand is low, they qualify as an MME code I, II, or III because the lack of a replacement item would seriously hamper the operational readiness of a weapon system.

35. Maintenance Replacement. The replacement of an unserviceable reparable item by a serviceable item. Unserviceable items, in this context, include items which are replaced due to malfunction or

have reached the end of an administratively determined removal interval for preventive maintenance or safety considerations.

36. Materiel Obligation. A "materiel obligation" is that unfilled portion of a requisition (for a stocked or nonstocked item) that is not immediately available for issue but is recorded as a commitment for future issue.

37. Military Mission Essentiality (MME). This code indicates the composite effect of an item on the overall military mission based on the most critical significant application of the item. This code shall be used in determining resource allocations, determining degree of management intensity, and communicating essentiality among DoD Components. There are four levels of MME:

- a. Code I. Most essential to military mission.
- b. Code II. Highly essential to military mission.
- c. Code III. Less essential to military mission.
- d. Code IV. Not essential to military mission.

38. Minimum Replacement Unit (MRU). The minimum quantity of an item normally replaced during a maintenance action, often the quantity of a component used per end item.

39. Model. A mathematical representation of an operation or management system capable of manipulation to achieve optimum solutions to stated problems.

40. Multi-echelon Readiness-Based Sparing Models. Mathematical models capable of computing the optimal range and depth of spare and repair parts at both wholesale and retail levels to achieve a weapon system readiness goal for the least cost or to maximize readiness for a fixed cost.

41. National Item Identification Number (NIIN). A series of nine numerals within the NSN that differentiates each individual supply item from all other supply items. The first two digits signify the National Codification Bureau which assigned the NIIN, while the last seven digits are sequentially assigned by the Federal Logistics Information System.

42. National Stock Number. A thirteen position number used to identify items of supply. It consists of a four position Federal Supply Class and a nine-position NIIN.

43. Nondemand-Based. An item that has no forecasted demands but qualifies for stockage based on other criteria. The two types of nondemand-based items are insurance items and program based:

a. Insurance Item. An item for which there is no forecasted usage but which qualifies as both a source code PB (an item procured and stocked for insurance purposes because essentiality dictates that a minimum quantity shall be available in the supply system) and a MME code I, II, or III (for which no failure is predicted through normal usage); but if a failure is experienced or a loss occurs through accident, abnormal equipment or system failure, or other unexpected occurrences, lack of a replacement will seriously hamper the operational readiness of a weapon system.

b. Program-Based. Inventory maintained to fill a specified approved program requirement. There are two types of program requirements, as follows:

(1) Life-of-Type. Items that are procured on a one-time basis, when all cost-effective and prudent alternatives have been exhausted, for the total future requirement of an item that is no longer expected to be produced. The procurement quantity shall be based on demand or on engineering estimates of mortality sufficient to support the applicable equipment until phased out.

(2) Planned Program Stocks. Quantities of an item needed over and above recurring requirements to meet approved programs of a nonrecurring or a sporadic nature (e.g., set assembly and non-repetitive overhaul programs) for which requirements may not be predicted by normal forecasting methods.

44. Nonrecurring Demand. A request by an authorized requisitioner to satisfy a materiel requirement known to be a one-time occurrence. This materiel is required to provide initial stockage allowances, to meet planned program requirements, or to satisfy a one-time maintenance requirement. Demands identified by customers as nonrecurring shall be included in wholesale supply forecasts to the extent that an ICP can demonstrate that a particular quantity of nonrecurring demands will improve demand forecasts.

45. Not Mission Capable Supply (NMCS). A materiel condition indicating that systems and equipment are not capable of performing any of their assigned missions because of maintenance work stoppage due to a supply shortage.

46. Not Stocked (NS). An item for which there is no established RO. Inventory or usage data may be present; however, stock replenishment would not be initiated.

47. Numeric Retention Stock. Formerly the quantity of an item greater than all identified requirement objectives but for which disposal is currently infeasible or uneconomical or for which a management decision has been made to retain stock in the supply system. This category of stock is no longer valid.

48. Operating Level (OL) of Supplies. The quantity of materiel required to sustain operations in the interval between replenishment shipments. The term "operating stocks" is synonymous with operating level of supplies.

49. Order and Shipping Time (OST) Level. The quantities of materiel required to sustain operations during the interval between the time that an activity processes a replenishment requisition and the time the activity receives the requisitioned materiel.

50. Potential Reutilization/Disposal Materiel. Component materiel identified by an item manager for possible disposal but with potential for reutilization; or materiel that has the potential for being sent by an item manager to the Defense Reutilization and Marketing Service for possible reutilization by another Component or by a Federal, state, or local governmental Agency, or for disposal through sale to the public.

51. Principal Items. End items and replacement assemblies of such importance that management techniques require centralized individual item management throughout the supply system to include items stocked at depot level, base level, and using unit level. Specifically, these include items of which, in the judgment of the Military Services, there is a need for central inventory control, including centralized computation of requirements, central direction of distribution, and central knowledge and control of all assets owned by the Military Services. Principal items normally will be selected on the basis of their essentiality for combat or training, high monetary value, difficulty of procurement or production, or criticality of basic materials or components.

52. Production Lead Time (PLT). The time interval between the letting of a contract or the placing of an order, and receipt into the supply system of materiel purchased.

53. Program Objective Memorandum (POM). The POM documents a six year projected blueprint of each organization's proposals for updating defense programs. It is submitted to the Secretary of Defense by each Military Department, Defense Agency and Special Operations Command for approval. The approved POM defines the programs to be supported in the Military Department and Defense Agency budgets.

54. Provisioning. The management process of determining and acquiring the range and quantity of support items necessary to operate and maintain an end item of materiel for an initial period of service.

55. Readiness. A measure or measures of the ability of a system to undertake and sustain a specified set of missions at planned peacetime and wartime utilization rates. Measures take account of the effects of system design (reliability and maintainability), the characteristics of the support system, and the quantity and location of support resources. Examples of system readiness measures are combat sortie rate, fully mission capable rate, and operational availability.

56. Readiness Based Sparing (RBS). The establishment of an optimum range and quantity of spares and repair parts at all stockage and user locations in order to meet approved, quantifiable, weapon system readiness, operational availability, or fully mission-capable objectives.

57. Reason for Stockage Category (RSC). The categorization of an item that indicates the reason or basis for stockage at the retail level of inventory. These categories reflect the stockage computation or decision rule applicable, and in some cases are used for inventory stratification and supply management purposes. The demand-supported grouping includes only items which meet the criteria for stockage on a "stocked demand" basis, whereas the nondemand-supported grouping includes items stocked in the following RSCs: stocked insurance, stocked numeric, stocked pre-positioned war reserve materiel stock, not stocked, and other.

58. Recurring Demand. A request by an authorized requisitioner to satisfy a materiel requirement for consumption or stock replenishment that is anticipated to recur periodically. Demands for which the probability of future occurrence is unknown will be considered recurring. Recurring demands will be considered by the supporting supply system in order to procure, store, and distribute materiel to meet similar demands in the future.

59. Reorder Point (ROP). That point at which a stock replenishment requisition would be submitted to maintain the predetermined or calculated stockage objective. The sum of the safety level of supply, the level for ordering and shipping time, repair cycle level, and authorized additive levels equals the reorder point.

60. Repair Cycle Level. The quantity of reparable items required to sustain operations during the repair cycle that commences when a maintenance replacement takes place and ends when the unserviceable asset is returned to stock in a serviceable condition. This includes such stages as removed, awaiting shipment, in transit, in pre-repair

screening, in process of repair, and being returned to serviceable stock. Any extraordinary awaiting-parts delays and any intentional extended-transit, storage, or repair-process delays should be excluded from the repair cycle.

61. Reparable Item. An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level.

a. Depot Level Reparable Item. A reparable item of supply that is designated for repair at depot level or that is designated for repair below the depot level, but if repair cannot be accomplished at that level, will have its unserviceable carcasses either forwarded to the depot for repair or condemnation, or reported to the ICP for disposition.

b. Field Level Reparable Item. A reparable item of supply that is normally repaired below the depot level of maintenance and for which condemnation authority can be exercised below the depot level of maintenance.

62. Replenishment. Actions to resupply or increase stockage of reparable or consumable parts in support of fielded items.

63. Requirements Computation. Any mathematical calculation performed to support requirements determination functions.

64. Requisitioning Objective. The maximum quantity of materiel to be maintained on hand and on order to sustain current operations and core war reserves. It will consist of the sum of stocks represented by the operating level, safety level, repair cycle and the order and shipping time.

65. Resupply Time. The mean time between the date a retail activity submits a requisition to the wholesale system and the receipt of the requisitioned materiel.

66. Retail Inventory Manager. Any inventory manager of either a consumer or intermediate level of inventory.

67. Retail-Level Supply. Those secondary items stored within DoD intermediate and consumer levels of supply. These include supply levels down to the following: Army - to Authorized Stockage List (ASL) and installation; Navy - to resupply ships, intermediate maintenance afloat units and shore installations; Air Force - to base supply; Marines - to Marine Expeditionary Force (MEF) and base

supply. Retail-Level assets do not include End Use Secondary Item Materiel.

68. Retail Stock. Stock held in the custody or on the records of a supply organization below the wholesale level.

69. Retention Limit. The maximum quantity of on-hand materiel that may be retained in stock, as determined by applicable retention rules.

70. Safety Level. The quantity of materiel required to be on hand to permit continued operation in the event of a minor interruption of normal replenishment or a fluctuation in demand.

71. Secondary Items. Consumable and reparable items other than principal items.

72. Stockage Objective. The maximum authorized quantity of materiel to be on hand to sustain current operations. It consists of the sum of stock represented by the operating level, the safety level, the repair cycle level, and authorized additive levels.

73. Stocked Demand (SD). A demand-supported item for which the established RO is based on actual recurring demands (including transferred demands, as appropriate) at the activity.

74. Stocked Insurance (SI). A nondemand-supported, essential item for which replacement is not anticipated as a result of normal usage and for which an unacceptable lead time (procurement or order and shipping time (OST)) has been established. If failure is experienced, or loss occurs, through accident, abnormal equipment or system failure, or other unexpected occurrences, the lead time required to obtain a replacement would seriously hamper the operational capability of a critical facility or weapon system.

75. Stocked Limited Demand (SLD). A demand-supported item for which there is anticipated usage, but the item does not meet the established economic stockage criteria. The established RO is based upon anticipated usage.

76. Stocked Provisioning (SP). A nondemand-supported item specifically stocked to support a newly introduced end item for that period of time until requirements are forecast entirely upon actual demands. This period may not exceed two years. The established RO is based upon the asset positioning policy and anticipated usage developed during the provisioning process.

77. Stratification Process. A uniform portrayal of requirements and assets application that is a computer-generated, time phased simulation of actions causing changes in the supply position; e.g.,

CHAPTER 1

INTRODUCTION

A. GENERAL

1. This Manual is a reference manual on how to develop each of the summary level stratification matrices. The objective is to provide the standard specifications for the mandatory Secondary Item Stratifications to ensure comparable results among all DoD Components. At the time of publication of this Manual, it is recognized that much of the detail data is not available from the current requirements and inventory systems in use by the Components. As the detail becomes available with the development and implementation of standard systems, it will be incumbent upon the Components to include that level of detail in the required summary matrices. Until that time, the matrices must at a minimum contain entries on the total lines for each of the levels and other requirements (i.e., Safety Level, Administrative Lead Time, etc.) at the wholesale level of supply. The department is transitioning from a requirements computation system based on supply effectiveness goals to one based on weapon system availability, also known as readiness-based sparing (RBS). Since the latter approach is still under development, it cannot be fully implemented. However, stock levels established by RBS models shall cover demand-related pipeline and safety-level requirements. Unless otherwise noted, those levels are to be

included in the matrices on the lines commonly used for recurring requirements. The components will include a paragraph in the narrative submission advising what percentage of items and dollar value of requirements was computed by an alternate requirements determination method. In addition, a brief description of the methodology will be included.

2. This chapter discusses the purpose of the matrices and the process of stratifying assets against requirements in a prescribed priority and/or time sequence. It identifies each of the required matrices, their cutoff dates, and requirements for submission of the resulting data to the Office of the Secretary of Defense (OSD). This chapter also describes each of the different requirements elements and types of assets included in the stratification process.

3. Chapters 2 through 6 set forth the detailed specifications for the basic stratification matrices, their subsets and NONMANDATORY printout formats for each. Chapter 7 provides a method for transitioning the stratification data to the budget.

B. PURPOSE

1. The stratification processes will uniformly display the materiel requirements and

associated asset status of individual secondary items and generate summaries of essential information. The stratification matrices will be based on data and factors used in the daily management of the individual items. The matrices will provide the foundation for developing secondary item procurement and repair budgets, determining the readiness status, and relating assets to the Approved Acquisition Objective.

2. The stratification reports generated by the Central Secondary Item Stratification (CSIS) and Local Secondary Item Stratification (LSIS) processes are valuable sources of information on the current and projected status of supply; however, they are not management reports. For management uses, the stratification data should be analyzed and the results selectively presented in more suitable forms (e.g., graphs and tables). The analyses should identify and highlight areas of management interest and areas needing attention, such as current and potential future asset imbalances (both asset shortages and overages), trends in requirements and assets, changes in leadtimes, readiness status including war reserves, and progress toward the attainment of specific management goals.

C. THE PROCESS

1. Stated simply, the stratification process is the application of assets, by type, for an individual item against the requirements for the same

item in a prescribed priority and time sequence. The basic supply data pertaining to requirements and assets may be accumulated in any appropriate manner at the Component's option; however, for stratification purposes, the data must be applied, arrayed, and submitted in accordance with the specifications contained in this Manual. The matrices described in this manual are summaries of individual national stock number (NSN) data. Unless specified otherwise, the summary data has been derived by the addition of like data from all applicable NSNs versus a calculation on the summary data.

2. The types of assets (e.g., retail, wholesale serviceable, unserviceable inducted and/or not inducted, on contract, on purchase request) will be sequenced from the most readily available for issue to the least readily available. The requirements (e.g., retail, war reserves, demands, safety level, repair cycle, leadtimes, and order quantities) will be sequenced from the most urgent to the least urgent. The most readily available type of asset (retail) will be applied against the requirements in priority sequence. If the most readily available assets are insufficient to satisfy the total requirement, the next most readily available assets will be applied, and so forth, until the requirements are satisfied or the assets are depleted. If the total assets exceed the requirements, the quantity of each type of asset beyond the requirements will be displayed. If the requirements exceed the assets, the deficit of

each type of requirement will be displayed. The asset and requirement status of each item will be determined individually, on a quantitative basis, and converted to dollars to permit various levels of summarization.

3. All secondary item assets, regardless of how they are funded, shall be stratified in accordance with this Manual except for the following:

a. Assets already sold and issued from the lowest level of supply.

b. Assets owned by maintenance activities.

c. Property acquired for civil function purposes.

d. Defense Nuclear Agency assets.

e. National Security Agency assets.

f. Excess and surplus equipment at the Defense Reutilization and Marketing Office (DRMO).

g. DoD-owned foreign excess equipment.

h. Materiel in storage facilities of the reporting DoD Component owned by other DoD Components or other Federal Agencies.

i. Items installed or incorporated in a higher assembly.

4. The stratification process will begin with the actual assets (on hand and on order) and the requirements (demand forecast, levels, and lead times) as of the cut-off date (close of business of the last day of the quarter). This will reflect 3, 6, or 9 months of actual experience for the current year in the December, March, or June stratification, respectively. The September stratification cutoff will reflect the past fiscal year actual experience. The process will continue with the projection of the asset and requirement status at the end of the current (CY), apportionment (AY), and budget (BY) fiscal years (FYs). In the event biennial budgets are required, a budget year plus one (BY+1) FY will be added to the stratification. Those projections will be computed using the closing position and the simulation of subsequent issue, return, induction, delivery, award, and commitment transactions based on the lead time factors in the files. Table 1-1 displays the number of months of actual and simulation required for each stratification.

D. STRATIFICATION PRODUCT INFORMATION

1. Matrices

a. The stratification process will produce a series of summary matrices, each designed to meet particular objectives. These matrices will be processed at standard and at latest acquisition price unless otherwise specified. The summary

data submitted to OSD will be from the following matrices:

(1) I - Procurement Program. Matrix I displays the dollar value of materiel that the reporting DoD component requires to be either on hand or on order to sustain operations and the degree to which assets are available to meet those requirements.

(2) II - Repair Program. Matrix II displays the dollar value at standard and repair price of requirements, assets, and any deficits for reparable secondary items.

(3) III - Readiness Status. Matrix III is a snapshot of the dollar value of the supply system's capability to satisfy logistic requirements as of a point in time by measuring asset availability against the requirements element.

(4) IV - Approved Acquisition Objective & Retention. Matrix IV provides the dollar value of assets by the purpose for which held (i.e., approved acquisition objective, authorized retention, or potential DoD reutilization and/or disposal).

(5) V - Retail Readiness, Requisitioning Objective, and Retention. Matrix V displays retail (supply systems or supply organizations, not the end user) level requirements, assets and overages and/or deficits.

b. To provide further insights into the status of

inventory management and to assist in policy evaluation, the stratification can resummaries specific subcategories of items separately (e.g., items subject to weapon systems management, items in a "buy" position, and low-demand essential items).

2. Specifications

a. The specifications for each stratification matrix are presented in the subsequent chapters and define the categories of items to be included, the asset groupings, and the requirement elements to be displayed. The stub of the matrix (the vertical listing in the leftmost column) names each line-item entry. Those entries include the gross assets and deductions for those excluded followed by the requirements elements in descending priority sequence. The header of the matrix (the horizontal listing of the column heads) names the columnar entries. Those entries include requirements information and asset groupings (based on the immediacy of their availability for issue) in descending priority sequence from left to right (i.e., the most immediately available for issue - serviceable on-hand assets - is at the left and the least immediately available - on-order commitments - at the right).

b. The assets must be applied to requirements by individual item in the prescribed sequence and then summarized. Subsequently, the results may be rearranged to facilitate analyses.

3. Validation of Stratification Data. To ensure that the data contained in the stratification summaries is as current as possible, each Component must establish internal procedures and controls that require the establishment of reasonable parameters and priorities for the identification of stratification line items for review. The Component procedures must ensure that necessary corrections identified during the stratification review process are made to the master file data.

4. Summary Level Data. OSD requires only summary stratifications at cutoff, not individual item stratifications. Table 1-1 sets forth the summary stratification that are required on a semi-annual basis (March and September). In addition, the entire set of matrices must be generated for each Inventory Control Point (ICP) managing assets for a project.

Table 1-1
Summary of Matrices Required by
OSD

By budget project and by ICP ^a	I	II	III	IV	V
Total Procurement	X	-	X	X	-
Weapon System ^b	X	-	X	X	-
Buy Items	X	-	-	-	-
Low Demand Essential	X	-	-	-	-
Total Repair	-	X	-	-	-
Retail Only ^c	-	-	-	-	X

a. These summaries must be produced and maintained but will only be submitted upon request of OSD. ADUSD(MDM) must be informed by the the Component when it is unable to produce any of the subsets.

b. Until such time as the requisition and Defense Logistics Agency (DLA) supply systems can record individual demand to specific weapon systems, this stratification is optional for DLA.

c. Retail assets for which the ICP has visibility and that are included in wholesale requirements determination will be included in Tables I and II. All other retail assets will be reported in Table V only.

5. Cutoff Dates. Table 1-2 displays the cutoff date, title, and number of months of simulation for the CSIS. The first stratification of the fiscal year is the September stratification (October 1 - September 30). Only the September and March stratifications are mandatory. The cutoff dates for the LSIS are the same but no simulations are required. When it is feasible, Components are encouraged to simulate for longer periods for use in preparing Program Objective Memorandum (POM) submissions and may run optional computations as required.

Table 1-2
Cutoff Dates and Months of
Simulation

Stratification Asset at Cutoff	Submission Due to OSD	Mos of Actual	CY	AY	BY
September 30	January 15	12	0	12	12
December 31	N/A	3	9	12	12
March 31	July 15	6	6	12	12
June 30	N/A	9	3	12	12

6. Submission of Stratification Data. OSD no longer requires the submission of hard copy stratification reports. With the exception of non-automated activities (reporting under Matrix V), all data are to be submitted in a media suitable for direct computer input. Required data elements are limited to submission identification, dollar values, counts, days, and percentages contained in the matrix cells/subcells. Data element names and in-the-clear titles as they appear in the optional printed formats in this manual are not submitted. Any required narratives and/or explanations are submitted in hard copy. Components will implement the following procedures for stratification data submissions:

a. Data and/or narrative submissions shall be addressed to the Office of the Assistant Deputy Under Secretary of Defense (ADUSD) Materiel and Distribution Management Policy, 3500 Defense Pentagon, Washington, D.C. 20301-3500. A copy will be furnished to the Director for Revolving Funds, 11 Defense Pentagon, Washington, DC 20301-1100.

b. Data and/or narratives shall be submitted to arrive at OSD by July 15 for the March cut-off and by January 15 for the September cut-off. Each Component must establish its cut-off date consistent with its internal review capabilities.

7. Dollar-Weighted Averages. For individual items, recurring requirement elements are expressed in terms of days. The repair cycle, order and/or ship time, and operating level determine the length of the retail pipeline. Repair cycle time (RCT), repair lead time (RLT), induction cycle time, administrative lead time (ALT), production lead time (PLT), and economic order quantity (EOQ) determine the length of the wholesale repair and procurement pipelines. For individual items, these times along with safety levels are expressed in terms of days. For summary stratifications, the individual item pipeline days must be dollar-weighted to provide a meaningful average lead time or safety level. The dollar-weighted average lead time is computed as follows:

a. For each item, calculate the value of 1 day of lead time by dividing the dollar value of the lead time by the number of days.

b. Calculate the total value of the lead time for all items in the summary.

c. Calculate the total value of 1 day of lead time for all items in the summary.

d. Divide the value of the lead times for all items (b) by the value of 1 day of lead time for all items (c) to obtain the dollar-weighted lead time days. Example:

Dollar-Weighted Computation of
Administrative Lead Time

NSN	ALT DAYS	ALT \$ VALUE	Value of 1 one day ALT
1	30	2,800	93.33
2	240	180,000	750.00
3	180	1,250,000	6,944.44
Total		1,432,800	7,787.77

Dollar-weighted ALT =
\$1,432,800/7,787 or 183.891 days,
rounded to the nearest whole
number, 184 days.

E. REQUIREMENTS

The total requirements for an item may consist of several types, each computed in a different manner and for different purposes. The stratification matrices prescribe separate entries for each of those types of requirements. The major categories of requirements are war reserves, demands, recurring and non-recurring requirements, and dues out. Secondary items whose requirements are computed based on other approved requirements determination models, such as readiness-based sparing models, will use the levels established to cover the demand-related pipeline and safety-level requirements unless specified otherwise on specific matrices.

1. War Reserves

a. War Reserve Requirements. War reserve is the DoD inventory of mission-essential materiel required to attain operational objectives in the

scenarios and other stockage objectives approved for programming in the Secretary of Defense Planning Guidance. Mission-essential materiel is materiel that is critical to the combat mission of a unit or weapon system and has minimal civilian sector availability. Materiel stocks will be limited to that portion of the planning period the unit will be in the theater of operation. All war reserves will be fully visible to and intensively managed by the integrated materiel manager. Only war reserve assets acquired with war reserve appropriations may be protected by the wartime or contingency materiel allocation system. These protected assets, if issued for other uses, i.e., peacetime requirements, humanitarian support, etc., may be repurchased with the funds generated from the sale of materiel and subsequently protected. Any other war reserve asset must be considered as available to meet peacetime requirements during the stratification process.

b. War Reserve Computation.

The war reserve materiel requirements and assets will be computed for war reserves in accordance with DoD Directive 3110.6, the Defense Planning Guidance, and DoD 4140.1-R. The war reserve requirement is computed as of the budget year (i.e., the FY95 war reserve requirement was computed in March, 1993; the FY94 requirement was computed in March, 1992; etc.). For stratification purposes, the approved war reserve computation applicable to

each FY is used. DoD Component activities that have not processed an updated war reserve computation will use the latest computation available and include a discussion of why war reserve materiel requirements were not recalculated in the narrative portion of the War Reserve Inventory Report, Report Control Symbol DD-P&L(A)1913.

2. Recurring Requirements

a. **General.** Subsequent to the initial issue to fill the pipeline, recurring requirements are established to provide replenishment support for operational units and other programs of a recurring nature such as depot maintenance and repetitive assembly programs. Limited demand items and Cooperative Logistics Supply Support Arrangements (CLSSA) are considered recurring requirements for stratification purposes.

b. **Historical Demands.** Demands are based on a history of prior demands, on usage rates in conjunction with program factors (e.g., flying hours, operating hours, end-item densities), depot maintenance programs, readiness requirements, and CLSSA.

c. **Limited Demand.** Limited demand requirements will reflect items for which historical or anticipated demands are insufficient to justify stockage on an economic basis, but for which mission essentiality requirements justify stockage. Safety levels are not authorized for limited demand items.

d. **Establishment of Levels.** Levels will be established for various segments of the recurring requirements, (i.e., safety level, RCT, PLT, ALT, and EOQ), and orders will be placed to replenish those levels as stocks are issued. In an ideal situation, all levels except the economic order quantity would be continually filled with assets on hand or on order.

e. **Safety Level.** The safety level (SL) will reflect the quantity of assets required for continued operation in the event of minor interruption of normal replenishment or unpredictable fluctuation in demands. Two types of safety levels are displayed in the stratification tables - customer wait time and weapon system operational readiness. The safety level for a specific National Stock Number (NSN) will be computed one way or the other or by another approved method as described in DoD 4140.1-R, chapter 3 (reference (c)). Customer wait time goals will be computed for demand based non-weapon system items. Weapon system operational readiness goals will be based on attaining readiness goals for items managed in accordance with the Secondary Item Weapon System Management (SIWSM) concept.

f. **Repair Cycle Levels.** Repair cycle levels are outlined in Chapter 3 of reference (c). RCT will be the quantity of reparable items required to sustain operations during the repair cycle that commences when a maintenance replacement is

initiated and ends when the unserviceable asset is returned to stock in a serviceable condition. This will include removal, awaiting shipment, in-transit, in pre-repair screening, in-process of repair, and being returned to serviceable stock. The RCT will be stratified to the field repair cycle or the depot repair cycle, since these are the two mutually exclusive processes by which an unserviceable item is returned to a ready-for issue (RFI) condition.

(1) **Field Repair Cycle.**

Field repair cycle will be recorded as the time from the date the initial demand for the replacement of an unserviceable item is entered into the supply system until either:

(a) The date the item is restored to serviceable and issuable condition by an organizational and/or intermediate maintenance activity, or

(b) The date it is determined to be beyond the capability of an organizational and/or intermediate maintenance activity to repair.

Unserviceable assets repaired at the field level will be processed through the retail repair cycle.

(2) **Depot Repair Cycle**

(a) The depot repair cycle time will include retrograde time (for Components with retrograde intransit visibility), batch accumulation and transfer-to-maintenance time,

and in-maintenance (maintenance turnaround) and return time. It relates to the interval from the time an unserviceable asset is recorded on the inventory records of a depot maintenance activity until the time it is restored to RFI condition. Unserviceable assets that are beyond the repair capability of the field levels of maintenance and are repaired at the wholesale level of maintenance will be processed through the depot repair cycle. An unserviceable asset that is beyond economic repair is normally condemned or washed out.

(b) The **depot repair cycle** level represents the quantity of assets required by the wholesale system to support demands on the supply system during the depot repair cycle time. It is a "net" requirement of the demands less the on-hand assets and due-in from procurement offset by potential recoverable unserviceable assets expected to be returned during the repair cycle time.

(c) The **repair lead time** level (RLT) will be the gross quantity of demands upon which the ICP is allowed to base maintenance requirements beyond the date of the last induction (repair stratification) or date of last buy (procurement stratification) for the year. The quantity will be based on the total demands forecasted to occur from the time of induction into a depot maintenance activity (organic, interservice, or contractor) until the assets have been repaired and recorded ready-

for-issue on the ICP's records. The induction cycle will be the normal planned interval between the induction of batches of unserviceable assets into maintenance. It will be based on the authorized batch size and is used in the simulation-to-repair process. The induction cycle is equal to the lesser of total demands during the batch accumulation time or the unserviceable, not inducted on-hand plus anticipated unserviceable returns.

g. Administrative Lead time (ALT) Level. ALT is outlined in DoD 4140.1-R, chapter 3 (reference (c)). It will begin when an item's wholesale asset level is reduced to the reorder point and will end on the date the contractual instrument is executed. The ALT will include the time periods required for identification of the buy requirement; the review, approval and documentation of the purchase request and technical data review; and the processing and execution of the contractual instrument. This level is the quantity of Due-In-Committed assets the ICP is allowed to retain to support demands on the supply system during the ALT.

h. Production Lead Time (PLT) Level. PLT will begin at the end of ALT, or when the contractual instrument is executed, and will end when the material is received or when the date of confirmation of the first significant delivery has been received. This level is the quantity of assets that the ICP is allowed to procure and retain Due-In-Contracted to support the

demands on the supply system during the PLT.

i. Economic Order Quantity (EOQ) Level. The EOQ, or buy frequency, will represent the normal planned interval between procurements. The duration of the cycle may be based on the standard Wilson EOQ formula or modifications of it. In terms of quantities, it is the requirement that represents the forecasted demands expected to occur between procurement actions.

(1) At the time of award, quantity discounts or other economic considerations may warrant the procurement of a larger than normal quantity. Only actual additives resulting from awards made before the stratification cutoff will be reflected. Future additives will neither be anticipated nor simulated.

(2) When a buy occurs within the stratification period, the EOQ establishes the full resource requirement including the portion that extends into the next FY. When no buy occurs within the stratification period, the EOQ protects only the assets procured in accordance with DoD policy in a previous period; therefore, the EOQ for buy in prior periods never exceeds the amount of the net available assets (on hand, due in, and on order) beyond the reorder point. The EOQ does not apply to insurance, life-of-type (L-O-T) items, and non-CLSSA foreign military sales requirements.

(3) The EOQ is the full EOQ at the date of last buy for

those items that had a buy during the computation period; it is that portion of the full EOQ remaining at the end of the computation period for those items for which the most recent buy occurred in a prior period.

j. **Procurement Quantity.**

The procurement quantity will represent the secondary item buys calculated by other approved requirements determination methods, such as readiness based sparing models, simulated to occur during the computation period.

3. **Non-Recurring Requirements**

a. **General.** Non-recurring requirements are divided into five kinds: insurance, L-O-T, initial spares, planned programs, and foreign military sales. Unlike recurring requirements, safety levels are not computed for non-recurring requirements. With the exception of insurance and planned programs, the ALT, PLT, EOQ, and repair cycle will be computed to determine when budgeting and acquisition actions must be initiated to have the assets available for issue when required.

b. **Insurance.** An insurance item is a stocked, essential item for which no failure is predicted through normal usage. If failure were to be experienced, or a loss should occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement would seriously hamper the operational capability

of a weapon system, end item or component. Insurance items will have insurance requirements solely; they will not have safety levels or lead time requirements. Only one minimum replacement unit of an item may be stocked for insurance purposes. Normally, whenever an insurance item is issued, it may be replenished.

c. **Life-of-Type (L-O-T)**

L-O-T items will be procured on a one-time basis, when all cost-effective and prudent alternatives have been exhausted, for the total future issues of an item that will no longer be produced after production of the major end item is completed. The procurement quantity shall be based on demand or on engineering estimates or mortality sufficient to support the applicable equipment until phased out. Some items are classified as L-O-T at the time they enter into the supply system; some other items enter the supply system as normal replenishment and are subsequently reclassified to L-O-T. Those latter items are ones normally produced by a sole source that decides not to produce them any longer and no other source can be found. Issue requirements are forecast for the balance of the life of the item, and a L-O-T buy is made. In the case in which production is terminated, the item is on hand. At the time the L-O-T assets are on hand, requirements for the year will be reflected in the forecast of demands being simulated as L-O-T demands. The remaining assets will be reflected in the L-O-T objective

as part of the approved acquisition objective. Once the L-O-T buy has been made, the item should never exhibit a deficit in the stratification.

d. Initial Spares.

Initial spares will represent the one-time requirement to initially establish retail stockage in support of the deployment of new equipment or to augment retail stockage in support of the deployment of additional quantities of equipment. Additional quantities of equipment may be deployed more than once to the same bases and/or units or to different bases and/or units. Each deployment constitutes a separate requirement that does not recur for the same group of end items. Initial spares requirements may occur concurrently with recurring and other non-recurring requirements. Initial spares are discussed in DoD 4140.1-R, chapter 1 (reference (c)).

e. Planned Programs. The wide variety of planned programs will include modernization programs, modification programs, one-time assembly of sets or kits, Government-furnished materiel for end-item production contracts, and ship overhaul programs. Planned programs will exclude planned depot maintenance programs that are considered recurring even though modernization and modification may occur in conjunction with depot overhaul or repair. Planned programs may continue over several years but would involve the same engineering change to the same end item only once.

f. Foreign Military Sales

(FMS) Only those non-CLSSA FMS for which funded requisitions have been received are valid requirements for stratification. FMS requirements will be reflected only as materiel obligations with either future or past delivery dates. If on-hand assets are not sufficient, the balance should be placed on order as soon as required to meet the Required Delivery Dates. All requirements should have assets on order, on hand or a deficit reflected to offset the requirements.

4. Due Out. A due out will occur when a using activity submits a requisition for an item that is not immediately available for issue and the requisition is recorded as a commitment for issuing the quantity from future stock or purchasing it for direct delivery. When retail and wholesale requirements are reflected in the same table, due out to the included retail activities should not be reflected in the wholesale segment because that would duplicate the retail due out. However, dues out for those activities not included in the table; e.g., other Military Services and FMS, should be included. All requirements should have assets on order, on hand or a deficit reflected to offset the requirements.

5. Retention. The retention category in the stratification will include economic and contingency retention. These retention categories will be a stock retention objective only.

a. **Economic Retention.**

Economic retention will be the portion of the quantity on hand above the Approved Acquisition Objective that is determined to be more economical to retain for future peacetime issues instead of replacement of future issues by procurement.

b. **Contingency Retention.**

Contingency retention will be the portion of the quantity on hand above the Approved Acquisition Objective for which there is no predictable demand or quantifiable requirements, and that will be retained for specific contingencies.

F. ASSETS

1. **Primary Inventory Control Activity and/or Service Item Control Activity (PICA/SICA).**

When the DoD Component is the Integrated Materiel Manager and/or Primary Inventory Control Activity (IMM/PICA) for an item, all assets, except for excluded assets, in the custody of the ICP and recorded on the accountable records will be reported as gross assets in the stratification process. When the DoD Component is the Service Item Control Activity (SICA) for an item, gross assets will represent those assets that are on hand or due-in to the SICA and recorded on its accountable records. The excluded assets (identified in Table 1-3 below) are not reflected in the stratification reports. The net assets are equal to the gross assets minus the excluded assets.

2. **Gross Assets.**

Gross assets as reflected in Matrix I will provide the basis for the reconciliation of inventory records and financial records. The assets reflected in Matrix III, processed at the latest acquisition value, will provide the basis for the secondary item portion of the DoD inventory report, DD-M(A)1000, required by DoD 4140.1-R, chapter 4 (reference (c)). Categories of excluded assets are described in paragraph a below.

a. **Excluded Assets.**

Some assets may not be suitable for application to requirements because of their condition or availability. The excluded assets consist of those assigned total and partial exempt condition codes, those forecast for condemnation, unserviceable returns beyond the date of last buy, unserviceable returns beyond the date of last induction, and assets being held by one activity but are under the ownership of another activity. Each category of excluded assets is reported on a separate asset line and is deducted from the gross assets to arrive at the net assets available for application to the requirements.

(1) **Exemptions - Total and Partial.** The condition of some assets may make them exempt from application to requirements. For example, items assigned Condition Codes H, Condemned, and S, Scrap, cannot economically be made suitable for issue and are therefore totally exempt from application. Items assigned

Condition Codes such as J, Serviceable-Suspended, and L, Serviceable-Litigation, are partially exempt because some portion of the gross assets may not become available for issue. The DoD Components may reduce the gross assets with conditions codes identified as partially exempt based on their historical experience when less than 100 percent of the assets are expected to become available to satisfy requirements. The amount of the reduction is shown on the "Exemption" line.

(2) Potential Condemnations

(a) Unserviceable assets on hand and due in on ICP records and those forecast to be received during the simulation will be discounted to recognize the potential condemnations in the repair process. The amount of discounted unserviceable reparable assets will appear on the "Condemnation" line. The discount rates for assets not inducted into a maintenance activity will be based on the depot level condemnation experience.

(b) As of any cutoff, the inducted assets have been in maintenance an average of one-half of the repair cycle time. During that time, some assets have been condemned; therefore, applying the full final condemnation rate would understate the recoverable assets. The appropriate discount rate for assets that are already inducted into maintenance is dependent on the operations of the specific maintenance

activity. If condemnations occur early in the process and are recorded immediately, the rate should be low. Conversely, if the condemnations occur late in the process or are not recorded immediately, the rate should be higher. Components will use rates that are most representative of the way their maintenance activities (including contractors) operate.

(3) Beyond Date of Last Induction. For the simulation periods, CY, AY and BY, projected recoverable unserviceable returns are applied up to the date of the last induction in the stratifications. Returns expected to be received subsequent to the last induction are not applied to the requirements in that fiscal year but are carried over to those of the next fiscal year. The excluded assets are displayed on a separate asset line in the matrices.

b. Condition Codes. Table 1-3 displays the Military Standard Transaction and Reporting Procedures (MILSTRAP) condition codes, their definition, and their stratification assignment, including whether they are totally or partially exempt. The exhibit also indicates whether the partially exempt and nonexempt condition codes are applied as serviceable or unserviceable and whether assets may be discounted.

3. Projected Assets. Two types of assets are considered in the Stratifications - actual assets as of the cutoff date and projected assets generated by the simulation process. The CY will begin with

the assets on hand at the close of the quarter and will simulate the issues, returns, receipts from procurement and repair, inductions, awards, and procurement requests. The simulation will result in a projected asset position at the end of the CY. That closing asset position then becomes the opening position for the AY. The simulation process will be repeated for each of the subsequent fiscal years and end with the simulated asset position at the end of the BY.

Table 1-3
Asset Condition Code Assignment

Condition Code	MILSTRAP Definition	Exemp (a)	T/P (b)	Apply Serviceable	Apply Unserviceable	Discount Condemnation
A, B and C	Serviceable	NO		X		NO
E	Unserviceable	NO			X	NO
F	Unserviceable -Reparable -Consumable	NO YES	T		X	YES
G	Unserviceable -Incomplete	NO			X	YES
H and S	Unserviceable -Condemned -Scrap	YES YES	T T			
J, K and L	Serviceable -Suspended -Odd Lot -Litigation	YES YES YES	P P P	X X X		NO NO NO
M	Unserviceable -In-work	NO			X	YES
P	Unserviceable -Reclamation	YES	T			
Q and R	Suspended -Quality -Condition	YES YES	P P	X X		NO NO

- a) Exempt-not included in processes.
b) T/P - Total/Partial incursion

4. Potential Reutilization and/or Disposal Materiel. Assets above all authorized retention levels that:

a. Have been identified by an item manager for possible disposal but with poteial for reutilization within the Component, or

b. Have the potential for being sent by an item manager to the Defense Reutilization and Marketing Service (DRMS) for possible reutilization by another Component, a Federal, State or local government agency or sale to the public are stratified into the potential reutilization category.

These assets remain in this category until they are either reutilized by the Component or transferred to DRMS.

CHAPTER 2

MATRIX I - PROCUREMENT PROGRAM

A. INTRODUCTION

1. The following description and elements apply to the stratification display for inventory management analysis. At the summary level, Matrix I displays the dollar value of materiel that the reporting DoD Component requires to be either on hand or on order to sustain operations; it also shows the degree to which assets are available to meet those requirements and any deficiencies. Column A (Memo) displays a time measurement for safety level, order/ship time, and operating level for retail requirements; a time measurement for safety level, repair cycle, ALT, PLT, and EOQ for wholesale requirements for individual items; and a dollar-weighted average of all items in the summary matrix.

2. Matrix I is composed of four subsets, each portraying the materiel requirements and associated assets for a specific time frame. The Opening Position, Matrix I(A), provides a snapshot of the requirements, assets, and deficits for secondary items recorded in the ICP's item record file as of the cutoff date (i.e., as of the close of business on the last day of the quarter). Matrices I(B) through I(D) simulate the requirements, assets, and deficits as of the date of last buy in the current, apportionment, and budget years. If no buy is projected for an

item, requirements, assets and deficits will be simulated as of the end of those years. The CY starts at the beginning of the first quarter after the cutoff.

3. The requirement elements are grouped into war reserve and peacetime requirements, with retail and wholesale subgroups. The subgroups are also categorized as to type of requirement (e.g., recurring and non-recurring requirements). The requirement elements are listed in priority sequence. The sum of war reserves, retail requisitioning objective, and wholesale requirements objective provide the total worldwide requirement.

4. A description follows of the report headings, columnar entries (Columns A through L), line-item entries, and any special instructions for selected cells, e.g., Cell 1L (Line 1, Column L). The abbreviated title to appear in the data submission is shown in brackets.

B. REPORT HEADINGS

1. Matrix I(A) - Opening Position. This matrix shows the actual requirements and assets as of the cutoff date and does not include any forecasts or simulations. It includes a memorandum entry of past actual demand and/or usage data. The heading to be used is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - OPENING
MATRIX I(A) - PROCUREMENT PROGRAM
As of _____, 19____
(dollars in thousands)

2. **Matrix I(B) - Current Year (CY).** Matrix I(B) shows the requirements and assets projected for the months remaining in the first simulation period. The period represents a full 12 months for the September 30 cutoff and 6 months for the March 31 cutoff. The dues out and insurance requirements displayed in Column B are the same as those reflected in Matrix I(A). All other requirements are simulated as of the date of the last buy or end of the year for items not in a buy position. Unserviceable returns for the CY (Column H) will represent recorded due-in assets as of the cutoff and/or forecast of unserviceable returns based on current computations. All other assets are as of the cutoff. The heading to be used is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - CURRENT
MATRIX I(B) - PROCUREMENT PROGRAM
As of _____, 19____
(dollars in thousands)

3. **Matrix I(C) - Apportionment Year (AY).** This matrix shows the requirements and assets projected for the full 12 months in the apportionment year. The projected demands for the simulation period are displayed in Column A (Memo). The due out and insurance requirements displayed in Column B, Requirements, are those that the simulation shows will exist at the end of the CY. All other

requirements are simulated as of the date of the last buy or end of the AY for items not in a buy position. Unserviceable returns are the forecast of returns projected to be received during the AY. All other assets are those simulated to exist at the end of the CY. The heading to be used is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - APPORTIONMENT
MATRIX I(C) - PROCUREMENT PROGRAM
As of _____, 19____
(dollars in thousands)

4. **Matrix I(D) - Budget Year (BY).** Matrix I(D) shows the requirements and assets projected for the full 12 months in the BY. The projected demands for the simulation period are displayed in Column A (Memo). The due out and insurance requirements displayed in Column B, Requirements, are the same as those that the simulation shows will exist at the end of the AY. All other requirements are simulated as of the date of the last buy or end of the BY for items not in a buy position. Unserviceable returns are the forecast of returns projected to be received during the BY. All other assets are those simulated to exist at the end of the AY. The heading to be used is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - BUDGET
MATRIX I(D) - PROCUREMENT PROGRAM
As of _____, 19____
(dollars in thousands)

C. COLUMNAR ENTRIES

1. **Column A - Memorandum [Memo].** Column A provides information about the requirement defined in the numbered line entry (e.g., the

number of days of demand represented by the requirement element or the duration of the lead time). The requirements for memorandum entries are specified below.

2. **Column B - Requirements [Requirements]**. Column B shows the quantitative requirement for the element defined in the line entry as of the end of the period.

3. **Column C - Retail Assets [Retail Assets]**. Column C shows the serviceable and unserviceable on-hand assets and the assets in transit (due in) from the wholesale level of supply as of the end of the period. Retail assets are applied against all war reserve requirements first and the retail peacetime requirements second; after that, any unapplied retail assets are applied against wholesale requirements.

WHOLESALE ASSETS (COLUMNS D THROUGH J)

4. **Column D - Serviceable On-Hand Assets [Serv. On-Hand]**. Column D shows the serviceable assets on hand at the wholesale level of supply in Condition Codes A, B, C, D, or E and any Condition Code J, K, L, or O assets not exempted by Table 1-3 as of the end of the period.

5. **Column E - Due In Other [Due-In Other]**. Column E shows the serviceable due-in assets (same condition codes as in Column D) to the wholesale level of supply from sources other

than procurement or maintenance as of the end of the period. This element will include all assets due in from field returns, disassembly of sets, kits and outfits, fabrication of items, and return of loans.

6. **Column F - Unserviceable On-Hand: Inducted [Unser. On-Hand: Inducted]**. Column F shows the quantities of unserviceable assets on hand that are recorded in the accountable records in Condition Code M (include Condition Code G if funds have been obligated) and those quantities due-in from contractor maintenance and recorded in the due-in file as a DIC "DFM" as of the end of the period.

7. **Column G - Unserviceable On-Hand: Not Inducted [Unser. On-Hand: Not Ind.]**. Column G shows the quantity of unserviceable assets on-hand in Condition Code F (include Condition Code G if funds have not been obligated) as of the end of the period.

8. **Column H - Unserviceable Returns [Unserv. Returns]**. Column H displays firm due-in unserviceable assets (intransit) as of the cutoff for the opening position or the unserviceable returns forecast to be received in the FY.

9. **Column I - On-Order: Contract [On-Order: Contract]**. Column I shows the quantity of assets due in from procurement for which funds have been obligated and not disbursed as of the end of the period. The

column includes assets in a suspended stage because of legal consideration (e.g., strikes, defaults, and suspended contracts).

10. Column J - On-Order: Commitment [On-Order: Commit]. Column J shows the quantity of assets due in from procurement for which a procurement request has been initiated at the item's reorder or buy point and a contract not yet awarded as of the end of the period. It DOES NOT include pre-commitment and planning procurement requests initiated before the item reaches the reorder point.

11. Column K - Deficit [Deficit]. Column K shows the quantity of an item's requirement from Column B that exceeds the sum of the assets in Columns C through J.

D. LINE ITEM ENTRIES

1. Assets

a. Line 1 - Gross Assets, Stratification Cutoff [Gross Assets]. Line 1 shows all assets on hand, due in, and committed from all sources that are owned by the reporting DoD Component and under the control of the wholesale inventory manager as of the cutoff date for Matrix I(A) or as projected at the beginning of the fiscal year simulation for Matrices I(B) - I(D). The only exceptions are those assets excluded from stratification (chapter 1, Table 1-3). Column H will contain the total anticipated unserviceable returns for the FY for Matrices I(B) - I(D).

b. Line 2 - Exempt Assets [Exemptions]. Line 2 shows those gross assets that are not applicable to requirements in the stratification process based on DoD policy. (See chapter 1, section F, for details.)

c. Line 3 - Forecast of Condemnations [Condemnations]. Line 3 applies only to unserviceable assets on hand (Columns F and G) and due in (Column H). This element displays the value of the unserviceable reparables that are expected to be condemned, based on current washout rates, during the overhaul and/or repair process. Assets discounted on this line will not be stratified to any other element. (See chapter 1, section F for details.)

d. Line 4 - Forecast of Recoverable Unserviceable Returns Beyond the Date of Last Buy (DLB) [Beyond DLB]. Line 4 applies only to unserviceable returns (Column H) for the CY, AY, and BY. It is not used in Matrix I(A), Opening Position. This element displays the value of recoverable unserviceable returns that are forecast to arrive subsequent to the last buy for the year. If there is no buy during the period, this entry will be blank. (See chapter 1, section F. for details.)

e. Line 5 - Net Available Assets (for Stratification) [Net Assets]. Line 5 equals Gross Assets on Line 1 minus the sum of the excluded assets on Lines 2, 3, and 4 for columns C through J.

2. **Requirements.** This section describes the priority sequencing of secondary item requirements. The department is transitioning from a requirements computation system based on supply effectiveness goals to one based on weapon system availability, such as readiness-based sparing (RBS). Since the latter approach is still under development, it cannot be fully implemented. However, stock levels established by RBS models shall cover demand-related pipeline and safety-level requirements. Unless otherwise noted, those levels are to be included in the matrices on the lines commonly used for recurring requirements. The components will include a paragraph in the narrative submission advising what percentage of items and dollar value of requirements was computed by an alternate requirements determination method. In addition, a brief description of the methodology will be included.

a. **Line 6 - War Reserve Requirements [War Reserves].**

Line 6 is the war reserve requirement that must be reserved at the retail activities or is located at the wholesale depot prior to hostilities. It is the total of the retail and wholesale war reserves, line 6a plus 6b.

(1) **Line 6a - Retail Protectable War Reserve [Retail Protected].** Line 6a shows the portion of the war reserve that is stored at the retail activities. This requirement

includes items with Reason for Stockage Code (RSC) SW as defined in DoD 4140.1-R, chapter 3 (reference (c)). (See DoD Directive 3110.6 (reference (a)) and this Manual, chapter 1, subsection E.1. for details.)

(2) **Line 6b - Wholesale War Reserve [Wholesale].**

Line 6b shows the war reserves at the wholesale level. It is the sum of line 6b(1) and 6b(2).

(a) **Line 6b(1) - Protected War Reserves [Protected WR].**

Line 6b(1) shows the war reserve assets that are protected for emergency use in the year of simulation.

(b) **Line 6b(2) - non-protected War Reserves [Non-Protected WR].** Line 6b(2) shows that portion of the war reserve materiel requirement (WRMR) for which funding has not been approved and assets are not protected in the year of simulation.

b. **Retail Requirements**

(1) **Line 7 - Stock Due Out [Dues Out].** Line 7 shows the quantity requisitioned by a using activity and no assets are available for issue. A commitment is recorded as of the cutoff date to issue from future stock or purchase assets for direct delivery. This entry is the quantity due out at the beginning of the period.

(2) **Line 8 - Safety Level [Safety Level].** Line 8 shows the quantity of an item

that is required at the retail level to ensure continued operations in the event of fluctuations in demands or order and/or ship time. The safety level for an item is computed either as a customer wait time goal or as a weapon system operational readiness goal; not as both. Line 8 is the sum of lines 8a and 8b for columns B through L.

(a) Line 8a - Customer Wait Time Goal [Customer Wait Time]. Line 8a shows the quantity of an item that is required at the retail level to ensure a targeted variable (may be fixed) goal. It is computed in accordance with the method shown in DoD 4140.1-R, chapter 3 (reference (c)), or another approved method.

(b) Line 8b - Operational Readiness Goal [Operational Readiness]. Line 8b shows the quantity of an item that is required at the retail level to ensure an established weapon system operational readiness goal is met for items managed in accordance with the Secondary Item Weapon System Management (SIWSM) concept.

(3) Line 9 - Limited Demand Objective [Limited Demand]. Line 9 shows the quantity of an essential item with anticipated usage that must be stocked at the retail level to maintain operational capability of a critical facility or weapon system even though the item fails to meet the established stockage criteria. The retail requirement is applicable to

items whose RSC is SL as defined in chapter 3 of reference (c).

(4) Line 10 - Insurance Stockage Objective [Insurance]. Line 10 shows the quantity of items that are not expected to be replaced because of normal usage but their non-availability would seriously affect the operational capability of a critical facility or weapon system. The retail insurance stockage objective requirement is applicable to items with RSC SI as defined in chapter 3 of reference (c). Safety, lead time, and operating quantities are not authorized for insurance items.

(5) Line 11 - Initial Spares Requirement [Initial Spares]. Line 11 shows the quantity of an item specifically stocked to support a newly introduced end item during the demand development period. This time may not exceed 2 years beyond IOC date. The retail requirement is applicable to items whose RSC is SP as defined in chapter 3 of reference (c).

(6) Line 12 - Field Repair Cycle Level [Field Repair Cycle]. Line 12 shows the quantity of an item needed to meet demands during the time an unserviceable asset is being repaired at the field level. The Field Repair Cycle is defined in chapter 3 of reference (c).

(7) Line 13 - Order and Shipping Time Level [Order / Ship Time]. Line 13 shows the quantity of an item required to sustain operations during the interval between the time a

retail stock point processes a replenishment requisition to a source of supply and the time the item is received.

(8) Line 14 - Operating Level [Operating Level]. Line 14 shows the quantity of an item needed to sustain operations at the retail level of supply in the interval between replenishment requisitions.

(9) Line 15 - Retail Requisitioning Objective [Requisitioning Objective]. Line 15 is the sum of Lines 6a and 7 through 14 for Columns B through K.

(10) Line 16 - Assets Beyond Retail Requisitioning Objective [Assets Beyond RO]. Line 16 is Line 5 minus Line 15 for Columns C through J.

c. Wholesale Requirements

(1) Line 17 - Dues Out [Dues Out]. Line 17 shows the total quantity due out established. Recurring demand-based dues-out are reported on Line 17a, and non-recurring demand based dues-out are reported separately on Lines 17b through 17f. These entries are the quantities at the beginning of the period. Line 17 is the sum of lines 17a through 17f for columns B through K. (See the Chapter 1., subsection E.4 for details.)

(a) Line 17a - Recurring [Recurring]. Line 17a shows only the replenishment requisitions (includes CLSSA) for which stock is not available

for issue at the wholesale level of supply.

(b) Line 17b - Insurance [Insurance]. Line 17b shows dues out established for requisitions that cannot be satisfied immediately from assets on hand for items coded as insurance.

(c) Line 17c - Life-Of-Type [L-O-T]. Line 17c shows dues out established for requisitions that cannot be satisfied immediately from assets on hand for L-O-T items.

(d) Line 17d - Initial spares [Initial Spares]. Line 17d shows dues out established for past due initial spares.

(e) Line 17e - Planned Program [Planned Programs]. Line 17e shows dues out for past due planned programs.

(f) Line 17f - Foreign Military Sales [FMS (NON-CLSSA)]. Line 17f shows dues out established for funded non-CLSSA FMS requisitions that cannot be satisfied immediately from assets on hand [includes passed required delivery dates (RDDs) and future RDDs].

(2) Line 18 - Total Demands [Total Demands]. Lines 18 and 18a-18d are used for Matrices I(B) through I(D); they are not used for Matrix I(A), Opening Position. Line 18 shows the estimated demand for the issue of items (exclusive of those shown as a due out) from

the beginning of the FY to the date of the last buy or the end of the year for items without a buy. No demands are forecast for insurance items. Line 18 is the sum of lines 18a through 18d for columns B through K.

(a) Line 18a - Recurring [Recurring]. Line 18a shows the portion of the forecast of total demands that represents net recurring demands.

(b) Line 18b - Life-Of-Type [L-O-T]. Line 18b shows the portion of the forecast of total demand that represents L-O-T demands.

(c) Line 18c - Initial Spares [Initial Spares]. Line 18c shows the portion of the forecast of total demands that represents initial spares demands.

(d) Line 18d - Planned Program [Planned Program]. Line 18d shows the portion of the forecast of total demands that represents planned program demands.

(3) Line 19 - Safety Level Total [Safety Level]. Line 19 shows the quantity of an item that is required to ensure continued operations in the event of fluctuation of demands or lead-times. Line 19 is the sum of lines 19a and 19b for columns B through L.

(a) Line 19a - Customer Wait Time Goal [Customer Wait Time]. Line 19a shows that quantity (may be a fixed quantity) of an item required to meet a targeted customer wait time goal. It is

computed in accordance with either the method shown in DoD 4140.1-R, chapter 3 (reference (c)), or another approved method.

(b) Line 19b - Weapon System Operational Readiness Goal [Operational Readiness]. Line 19b shows that quantity of an item required to ensure that an established weapon system operational readiness goal is met for items managed in accordance with the SIWSM concept.

(4) Line 20 - Insurance Objective [Insurance Objective]. Line 20 shows the maximum on-hand and on-order inventory (plus obligations) authorized for items coded as insurance (DoD 4140.1-R, Chapter 3). Safety, lead time, and economic order quantity levels are not authorized for insurance items.

(5) Line 21 - Life-Of-Type On-Hand Objective [L-O-T Objective]. Line 21 shows the total authorized requirement for on-hand inventory subsequent to a L-O-T buy for items that will no longer be procured. The objective will be reduced as assets are attrited so that the requirements will never exceed the assets.

(6) Line 22 - Repair Cycle Level Total [Repair Cycle Level]. Line 22 shows, for reparable items only, the total quantity of an item's requirement based on its recoverable unserviceable return rate (URR) (not to exceed its recurring demand rate) and represents the quantity of assets that should be on hand to

cover the periods of retrograde, batch accumulation, transfer to maintenance, maintenance turnaround-time, and return to storage in ready-for-issue condition as defined in chapter 3 of reference (c).

(a) Line 22a - In Maintenance and Return (M to A) [In Maint. / Return.]. Line 22a shows the quantity representing the average time between the date an unserviceable asset is received by the depot maintenance activity (organic, contractor, or inter-Service) and recorded as "in work" (Condition Code M) on the ICP records and the date it is recorded as serviceable on the same record. Awaiting parts time is not to be included on this line.

(b) Line 22b - Accumulation and Transfer [Accum. / Transfer]. Line 22b shows the quantity representing the average time between the start date required to accumulate a batch of unserviceable assets and the date of induction of that batch into the depot or contractor maintenance facility.

(c) Line 22c - Retrograde Time [Retrograde]. Line 22c shows the quantity representing the average time between the date that an unserviceable item is determined to be beyond the repair capability of an intermediate maintenance activity and the date it is recorded as unserviceable on the ICP records.

(7) Line 23 - Production Lead Time Level [PLT Level]. Line 23 shows the total Production Lead Time (PLT) level. The PLT level is the sum of an item's recurring issues (minus applicable recoverable unserviceable returns for reparables) and any nonrecurring requirement during the PLT; i.e., the interval from the award of a representative buy contract until the first quantity on that contract is received and recorded on the ICP's records. Line 23 is the sum of lines 23a through 23d for columns B through K.

(a) Line 23a - Recurring [Recurring]. Line 23a shows the portion of the PLT requirement that represents the stocked demand based demands less returns requirement.

(b) Line 23b - Life-Of-Type [L-O-T]. Line 23b shows the portion of the PLT requirement that represents the L-O-T requirement.

(c) Line 23c - Initial Spares [Initial Spares]. Line 23c shows the portion of the PLT requirement that represents the initial spares requirement.

(d) Line 23d - FMS Non-CLSSA [FMS (Non-CLSSA)]. Line 23d shows the portion of the PLT requirement that represents the FMS non-CLSSA requirements.

(8) Line 24 - Administrative Lead Time Level [ALT Level]. Line 24 shows the total

Administrative Lead Time (ALT) level. The ALT level is the sum of an item's recurring demands (minus applicable recoverable unserviceable returns for reparable) and any nonrecurring requirement during the ALT; i.e., that interval between the initiation of a procurement request for a representative buy and the time the contract is awarded (contract effective date). It is based on current requirement computations. The ALT level represents requirements that should have been placed on procurement requests and should not yet be awarded. Line 24 is the sum of lines 24a through 24e for columns B through K.

(a) Line 24a - Recurring [Recurring]. Line 24a shows the portion of the ALT requirement that represents the net recurring demands less returns requirement.

(b) Line 24b - Life-Of-Type [L-O-T]. Line 24b shows the portion of the ALT requirement that represents L-O-T requirements.

(c) Line 24c - Initial Spare [Initial Spares]. Line 24c shows the portion of the ALT requirement that represents the initial spares requirement.

(d) Line 24d - FMS (Non-CLSSA) [FMS (Non-CLSSA)]. Line 24d shows the portion of the ALT requirement that represents FMS (non-CLSSA) program requirements.

(9) Line 25 - Procurement/Economic Order Quantity Level [Procurement/EOQ

Level]. Line 25 shows the total procurement or EOQ level. The EOQ level is the sum of an item's recurring demand (minus recoverable unserviceable returns for reparable) and any nonrecurring issues (except insurance items) required during the interval between procurement actions or the unfunded requirement of a L-O-T buy. This line will also be used to reflect the procurement level for those secondary items whose requirements are computed under other approved requirements determination methods such as readiness based sparing. Line 25 is the sum of lines 25a through 25e for columns b through l.

(a) Line 25a - Economic Order Quantity [EOQ Level]. Line 25a shows the portion of the EOQ requirement for projected stocked demand-based replenishment demands less returns that is based on DoD 4140.1-R, Chapter 3 or other approved requirements determination methods such as readiness based sparing.

(b) Line 25b - Procurement Level [Procurement Level]. Line 25b shows the portion of the requirement for projected stocked replenishment demands calculated by other approved requirement methods, such as readiness based sparing models, simulated to occur during the computation period.

(b) Line 25c - Life-of-Type [L-O-T]. Line 25c shows the portion of the buy requirement that represents L-O-T buy requirements that have not been funded nor has the procurement been initiated.

(c) Line 25d-
Initial Spares [Initial Spares].
Line 25d shows the portion of
the buy requirement that
represents initial spares
requirements that are projected
for the interval between
procurements.

(d) Line 25e-
Foreign Military Sale (NON-
CLSSA) [FMS (NON-CLSSA)]. Line
25e shows the portion of the buy
requirement that represents
other nonrecurring requirements
that are projected for the
interval between procurements.

(10) Line 26 -
Wholesale Requirement Objective
[Wholesale Rqmts Obj]. Line 26
is the sum of Lines 19 through
25 for Columns B through K. It
is also the sum of lines 26a
through g.

(a) Line 26a -
Safety Level [Safety Level].
Line 26a is the same as Line 19.

(b) Line 26b -
Repair Cycle [Repair Cycle].
Line 26b is the same as Line 22.

(c) Line 26c -
Recurring [Recurring]. Line 26c
is the sum of Lines 17a, 18a,
23a, 24a, 25a and 25b.

(d) Line 26d -
Insurance [Insurance]. Line 26d
is the sum of Line 17b, 18b, and
20.

(e) Line 26e -
Life-of-Type [L-O-T]. Line 26e
is the sum of Lines 17c, 18c,
21, 23b, 24b and 25c.

(f) Line 26f -
Initial Spares [Initial Spares].
Line 26f is the sum of Lines
17d, 18d, 23c, 24c, and 25d.

(g) Line 26g -
Planned Programs [Planned
Program]. Line 26g is the sum
of Lines 17e and 18e.

(h) Line 26h - FMS
(Non-CLSSA) [FMS(Non-CLSSA)].
Line 26h is the sum of lines
17f, 18f, 23d, 24d, and 25e.

(11) Line 27 - Total
Requirement Objective [Total
Rqmts Obj]. Line 27 is the sum
of Lines 6, 15 and 26 for
Columns B through K.

(12) Line 28 - Assets
Beyond Requirement Objective
[Assets Byd. RO]. Line 28 is
the difference between Line 5
and Line 27 (Line 5 minus Line
27) for Columns C through J.

**E. SPECIAL INSTRUCTIONS FOR
LINE and/or COLUMN CELLS**

1. Line 8a, Column A. This
cell contains the customer wait
time goal expressed as
percentage (no decimals).

2. Line 8b, Column A. This
cell contains the weapon system
operational readiness goals
expressed as a percentage (no
decimals).

3. Line 12, Column A. This
cell contains the dollar-
weighted average repair cycle
time in days.

4. Line 13, Column A. This
cell contains the dollar-

weighted average order and/or ship time in days for items in stock at the wholesale level of supply.

5. Line 14, Column A. This cell contains the dollar-weighted average operating level in days based on the average value of one day of demand.

6. Line 18, Column A for MATRICES I(B) through I(D). This cell contains the value of the total demands forecast from the date of cutoff to the end of the FY.

a. Line 18a, Column A for MATRICES I(B) through I(D). This cell contains the value of the total recurring demands (includes CLSSA) forecast from the date of cutoff to the end of the FY.

b. Line 18b, Column A for MATRICES I(B) through I(D). This cell contains the value of the total L-O-T demands forecast from the date of cutoff to the end of the FY.

c. Line 18c, Column A for MATRICES I(B) through I(D). This cell contains the value of the total initial spares demands forecast from the date of cutoff to the end of the FY.

d. Line 18d, Column A for MATRICES I(B) through I(D). This cell contains the value of the total planned program demands forecast from the date of cutoff to the end of the FY.

e. Line 18e, Column A for MATRICES I(B) through I(D). This cell contains the value of the total FMS Non-CLSSA demands

forecast from the date of cutoff to the end of the FY.

7. Line 19a, Column A. This cell contains the customer wait time goals expressed as a percentage (no decimals).

8. Line 19b, Column A. This cell contains the weapon system operational readiness goals expressed as a percentage (no decimals).

9. Line 22, Column A. This cell contains the dollar-weighted average number days in the total repair cycle.

10. Line 22a, Column A. This cell contains the dollar-weighted average number of days of maintenance turnaround and return time.

11. Line 22b, Column A. This cell contains the dollar-weighted average number of days of accumulation and transfer time.

12. Line 22c, Column A. This cell contains the dollar-weighted average number of days of retrograde time.

13. Line 23, Column A. This cell contains the dollar-weighted average number of days from the date of award of a contract until the first delivery.

14. Line 24, Column A. This cell contains the dollar-weighted average number of days from the date that the reorder point or buy position is reached until the award of the contract.

15. Line 25a, Column A. This cell contains the dollar-

weighted average number of days between procurements based on the EOQ or buy quantity (excluding L-O-T buys).

16. Line 29, Column A - Item Counts [NSNs w/Rqmts & Assets]. Line 29 shows the total number of NSNs included in matrix with both requirements and assets.

17. Line 30, Column A - Item Counts [NSNs w/Requirements Only]. Line 30 shows the total number of NSNs included in the matrix with requirements and no assets.

18. Line 31, Column A - Item Counts [NSNs w/Assets Only]. Line 31 shows the total number of NSNs included in the matrix with assets and no requirements.

16. Line 32, Column A for MATRIX I(A) Only - Past Actual Demand / Usage Data [PAST Demand / Usage Data]. Line 32 shows the total actual historical demand or usage data as of the cutoff date. For the March 31 cutoff, demands will be for the prior 6 months of the CY. For the September 30 cutoff, it will equal the full 12 months before CY.

(a) Line 32a, Column A for MATRIX I(A) Only- Recurring Demands [Recurring]. Line 32a shows the portion of the total demands that represents the recurring demands (including CLSSA).

(b) Line 32b, Column A for MATRIX I(A) Only - Insurance [Insurance]. Line 32b shows the portion of the total demands

that represents insurance demands.

(c) Line 32c, Column A for MATRIX I(A) Only - Life-of-Type [L-O-T]. Line 32c shows the portion of the total demands that represents L-O-T demands.

(d) Line 32d, Column A for MATRIX I(A) Only - Initial Spares [Initial Spares]. Line 32d shows the portion of the total demands that represents initial spares demands.

(e) Line 32e, Column A for MATRIX I(A) Only - Planned Program [Planned Program]. Line 32e shows the portion of the total demands that represents planned program demands.

17. Line 32, Column B for MATRIX I(D) Only - Due Out End of Budget Year [Due Out, End BY]. Line 32 shows the due out position simulated to exist at the end of the BY.

F. MATRIX I EXAMPLES

1. The following eight pages contain an example of each of the matrices described in this chapter.

2. The codes for the matrices are as follows:

- M Mandatory entry
- x Mandatory entry once the data is available in the automated systems. Until that time, this is an optional entry.

SECONDARY ITEM STRATIFICATION											
FUNDING CATEGORY - OPENING POSITION											
MATRIX I(A) - PROCUREMENT PROGRAM											
As of _____ 19 - (Dollars in Thousands)											
	A	B	C	D	E	F	G	H	I	J	K
	RETAIL			WHOLESALE							
	(MEMO)	REQUIRE-		SERV.	DUE-IN	UNSERV ON-HAND	UNSERV.	ON ORDER			
ASSETS AND ADJUSTMENTS		MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURNS	CONTRACT	COMMIT.	DEFICIT
1. Gross Assets			X	M	M	M	M	M	M	M	
2. Exemptions			X	M	M	M	M	M	M	M	
3. Condemnations						M	M	M			
4. Beyond DLB											
5. Net Assets			X	M	M	M	M	M	M	M	
WAR RESERVE REQUIREMENTS											
6. War Reserve		M	M	M	M	M	M	M	M	M	M
a. Retail PWR		X	X								X
b. Wholesale		M	M	M	M	M	M	M	M	M	M
(1) Protected WR		M	M	M	M	M	M	M	M	M	M
(2) Non-Protected WR		X	X	X	X	X	X	X	X	X	X
RETAIL REQUIREMENTS											
7. Dues Out		X	X								X
8. Safety Level		X	X								X
a. Customer Wait Time	X	X	X								X
b. Operational Readiness	X	X	X								X
9. Limited Demand		X	X								X
10. Insurance		X	X								X
11. Initial Spares		X	X								X
12. Field Repair Cycle	X	X	X								X
13. Order/Ship Time	X	X	X								X
14. Operating Level	X	X	X								X
15. Requisitioning Objective		X	X								X
16. Assets Beyond RO			X								
WHOLESALE REQUIREMENTS											
17. Dues Out		M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. Insurance		X		X	X	X	X	X	X	X	X
c. L-O-T		X		X	X	X	X	X	X	X	X
d. Initial Spares		X		X	X	X	X	X	X	X	X
e. Planned Programs		X		X	X	X	X	X	X	X	X
f. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
18. Total Demands											
19. Safety Level		M		M	M	M	M	M	M	M	M
a. Customer Wait Time	M			X	X	X	X	X	X	X	X
b. Operational Readiness	X	X		X	X	X	X	X	X	X	X
20. Insurance Objective		M		M	M	M	M	M	M	M	M
21. L-O-T Objective		M		M	M	M	M	M	M	M	M
22. Repair Cycle Level	M	M		M	M	M	M	M	M	M	M
a. In Maint./Return	X	X		X	X	X	X	X	X	X	X
b. Accum./Transfer	X	X		X	X	X	X	X	X	X	X
c. Retrograde	X	X		X	X	X	X	X	X	X	X

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	A	B	C	D	E	F	G	H	I	J	K
			RETAIL			WHOLESALE					
		REQUIRE-		SERV.	DUE-IN	UNSERV ON-HAND	UNSERV.	ON-ORDER			
ASSETS AND ADJUSTMENTS	(MEMO)	MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURN	CONTRACT	COMMIT.	DEFICIT
23. PLT Level	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non CLSSA)		X		X	X	X	X	X	X	X	X
24. ALT Level	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non CLSSA)		X		X	X	X	X	X	X	X	X
25. Procurement/EOQ Level		M		M	M	M	M	M	M	M	M
a. EOQ Level	M	X		X	X	X	X	X	X	X	X
b. Procurement Level	M	X		X	X	X	X	X	X	X	X
c. L-O-T		X		X	X	X	X	X	X	X	X
d. Initial Spares		X		X	X	X	X	X	X	X	X
e. FMS (Non CLSSA)		X		X	X	X	X	X	X	X	X
26. Wholesale Rqmts Obj.		M		M	M	M	M	M	M	M	M
a. Safety Level		X		X	X	X	X	X	X	X	X
b. Repair Cycle		X		X	X	X	X	X	X	X	X
c. Recurring		X		X	X	X	X	X	X	X	X
d. Insurance		X		X	X	X	X	X	X	X	X
e. L-O-T		X		X	X	X	X	X	X	X	X
f. Initial Spares		X		X	X	X	X	X	X	X	X
g. Planned Programs		X		X	X	X	X	X	X	X	X
h. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
27. Total Rqmts. Obj.		X		X	X	X	X	X	X	X	X
28. Assets Beyond RO				X	X	X	X	X	X	X	
29. NSNs w/Rqmts & Assets	X										
30. NSNs w/Rqmts Only	X										
31. NSNs w/Assets Only	X										
32. Past Dmd/Usage Data	X										
a. Recurring	X										
b. Insurance	X										
c. L-O-T	X										
d. Initial Spares	X										
e. Planned Programs	X										

SECONDARY ITEM STRATIFICATION											
FUNDING CATEGORY _____ - CURRENT YEAR											
MATRIX I(B) - PROCUREMENT PROGRAM											
As of _____ 19__ - (Dollars in Thousands)											
	A	B	C	D	E	F	G	H	I	J	K
	RETAIL			WHOLESALE							
	(MEMO)	REQUIRE-		SERV.	DUE-IN	UNSERV ON-HAND	UNSERV.	ON ORDER			
ASSETS AND ADJUSTMENTS		MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURNS	CONTRACT	COMMIT.	DEFICIT
1. Gross Assets			X	M	M	M	M	M	M	M	
2. Exemptions			X	M	M	M	M	M	M	M	
3. Condemnations						M	M	M			
4. Beyond DLB								M			
5. Net Assets			X	M	M	M	M	M	M	M	
WAR RESERVE REQUIREMENTS											
6. War Reserve		M	M	M	M	M	M	M	M	M	M
a. Retail PWR		X	X								X
b. Wholesale		M		M	M	M	M	M	M	M	M
(1) Protected WR		M		M	M	M	M	M	M	M	M
(2) Non-Protected WR		X		X	X	X	X	X	X	X	X
RETAIL REQUIREMENTS											
7. Dues Out		X	X								X
8. Safety Level		X	X								X
a. Customer Wait Time	X	X	X								X
b. Operational. Readiness	X	X	X								X
9. Limited Demand		X	X								X
10. Insurance		X	X								X
11. Initial Spares		X	X								X
12. Field Repair Cycle	X	X	X								X
13. Order/Ship Time	X	X	X								X
14. Operating Level	X	X	X								X
15. Requisitioning Objective		X	X								X
16. Assets Beyond. RO			X								
WHOLESALE REQUIREMENTS											
17. Dues Out		M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. Insurance		X		X	X	X	X	X	X	X	X
c. L-O-T		X		X	X	X	X	X	X	X	X
d. Initial Spares		X		X	X	X	X	X	X	X	X
e. Planned Programs		X		X	X	X	X	X	X	X	X
f. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
18. Total Demands	M	M		M	M	M	M	M	M	M	M
a. Recurring	X	X		X	X	X	X	X	X	X	X
b. L-O-T	X	X		X	X	X	X	X	X	X	X
c. Initial Spares	X	X		X	X	X	X	X	X	X	X
d. Planned Programs	X	X		X	X	X	X	X	X	X	X
19. Safety Level		M		M	M	M	M	M	M	M	M
a. Customer Wait Time	M	X		X	X	X	X	X	X	X	X
b. Operational Readiness	M	X		X	X	X	X	X	X	X	X
20. Insurance Objective		M		M	M	M	M	M	M	M	M
21. L-O-T Objective		M		M	M	M	M	M	M	M	M

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	A	B	C	D	E	F	G	H	I	J	K
			RETAIL	WHOLESALE							
ASSETS AND ADJUSTMENTS		REQUIRE-		SERV.	DUE-IN	UNSERV ON-HAND	UNSERV.	ON-ORDER			
	(MEMO)	MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURNS	CONTRACT	COMMIT.	DEFICIT
22. Repair Cycle Level											
a. In Maint./Return	M	M		M	M	M	M	M	M	M	M
b. Accum./Transfer	X	X		X	X	X	X	X	X	X	X
c. Retrograde	X	X		X	X	X	X	X	X	X	X
23. PLT Level	X	X		X	X	X	X	X	X	X	X
a. Recurring	M	M		M	M	M	M	M	M	M	M
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
24. ALT Level		X		X	X	X	X	X	X	X	X
a. Recurring	M	M		M	M	M	M	M	M	M	M
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
25. Procurement/EOQ Level		X		X	X	X	X	X	X	X	X
a. EOQ Level		M		M	M	M	M	M	M	M	M
b. Procurement Level	M	X		X	X	X	X	X	X	X	X
b. L-O-T	M	X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
26. Wholesale Rqmts Obj.		X		X	X	X	X	X	X	X	X
a. Safety Level		M		M	M	M	M	M	M	M	M
b. Repair Cycle		X		X	X	X	X	X	X	X	X
c. Recurring		X		X	X	X	X	X	X	X	X
d. Insurance		X		X	X	X	X	X	X	X	X
e. L-O-T		X		X	X	X	X	X	X	X	X
f. Initial Spares		X		X	X	X	X	X	X	X	X
g. Planned Programs		X		X	X	X	X	X	X	X	X
h. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
27. Total Reqmts. Obj.		X		X	X	X	X	X	X	X	X
28. Assets Beyond. FY1 RO		M	X	M	M	M	M	M	M	M	M
29. NSNs w/Tqmts & Assets			X	M	M	M	M	M	M	M	
30. NSNs w/Rqmts Only	X										
31. NSNs w/Assets Only	X										
	X										

SECONDARY ITEM STRATIFICATION											
FUNDING CATEGORY - APPORTIONMENT YEAR											
MATRIX I(C) - PROCUREMENT PROGRAM											
As of 19__ - (Dollars in Thousands)											
	A	B	C	D	E	F	G	H	I	J	K
			RETAIL	WHOLESALE							
	(MEMO)	REQUIRE-	RETAIL	SERV.	DUE-IN	UNSERV	ON-HAND	UNSERV.	ON ORDER		
ASSETS AND ADJUSTMENTS		MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURNS	CONTRACT	COMMIT.	DEFICIT
1. Gross Assets			X	M	M	M	M	M	M	M	
2. Exemptions			X	M	M	M	M	M	M	M	
3. Condemnations						M	M	M			
4. Beyond DLB								M			
5. Net Assets			X	M	M	M	M	M	M	M	
WAR RESERVE REQUIREMENTS											
6. War Reserve		M	M	M	M	M	M	M	M	M	M
a. Retail PWR		X	X								X
b. Wholesale		M		M	M	M	M	M	M	M	M
(1) Protected WR		M		M	M	M	M	M	M	M	M
(2) Non-Protected WR		X		X	X	X	X	X	X	X	X
RETAIL REQUIREMENTS											
7. Dues Out		X	X								X
8. Safety Level		X	X								X
a. Customer Wait Time	X	X	X								X
b. Operational Readiness	X	X	X								X
9. Limited Demand		X	X								X
10. Insurance		X	X								X
11. Initial Spares		X	X								X
12. Field Repair Cycle	X	X	X								X
13. Order/Ship Time	X	X	X								X
14. Operating Level	X	X	X								X
15. Requisitioning Objective		X	X								X
16. Assets Beyond RO			X								
WHOLESALE REQUIREMENTS											
17. Dues Out		M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. Insurance		X		X	X	X	X	X	X	X	X
c. L-O-T		X		X	X	X	X	X	X	X	X
d. Initial Spares		X		X	X	X	X	X	X	X	X
e. Planned Programs		X		X	X	X	X	X	X	X	X
f. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
18. Total Demands	M	M		M	M	M	M	M	M	M	M
a. Recurring	X	X		X	X	X	X	X	X	X	X
b. L-O-T	X	X		X	X	X	X	X	X	X	X
c. Initial Spares	X	X		X	X	X	X	X	X	X	X
d. Planned Programs	X	X		X	X	X	X	X	X	X	X
19. Safety Level		M		M	M	M	M	M	M	M	M
a. Customer Wait Time	M	X		X	X	X	X	X	X	X	X
b. Operational Readiness	M	X		X	X	X	X	X	X	X	X
20. Insurance Objective		M		M	M	M	M	M	M	M	M
21. L-O-T Objective		M		M	M	M	M	M	M	M	M

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	A	B	C	D	E	F	G	H	I	J	K
			RETAIL	WHOLESALE							
		REQUIRE-		SERV.	DUE-IN	UNSERV ON-HAND	UNSERV.	ON-ORDER			
ASSETS AND ADJUSTMENTS	(MEMO)	MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURNS	CONTRACT	COMMIT.	DEFICIT
22. Repair Cycle Level	M	M		M	M	M	M	M	M	M	M
a. In Maint./Return	X	X		X	X	X	X	X	X	X	X
b. Accum./Transfer	X	X		X	X	X	X	X	X	X	X
c. Retrograde	X	X		X	X	X	X	X	X	X	X
23. PLT Level	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
24. ALT Level	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
25. Procurement/EOQ Level		M		M	M	M	M	M	M	M	M
a. EOQ Level	M	X		X	X	X	X	X	X	X	X
b. Procurement Level	M	X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
26. Wholesale Rqmts Obj.		M		M	M	M	M	M	M	M	M
a. Safety Level		X		X	X	X	X	X	X	X	X
b. Repair Cycle		X		X	X	X	X	X	X	X	X
c. Recurring		X		X	X	X	X	X	X	X	X
d. Insurance		X		X	X	X	X	X	X	X	X
e. L-O-T		X		X	X	X	X	X	X	X	X
f. Initial Spares		X		X	X	X	X	X	X	X	X
g. Planned Programs+R[-15]C		X		X	X	X	X	X	X	X	X
h. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
27. Total Rqmts. Obj.		M	X	M	M	M	M	M	M	M	M
28. Assets Beyond. FY1 RO			X	M	M	M	M	M	M	M	
29. NSNs w/Rqmts & Assets											
30. NSNs w/Rqmts Only											
31. NSNs w/Assets Only											

			SECONDARY ITEM STRATIFICATION								
			FUNDING CATEGORY _____ - BUDGET YEAR								
			MATRIX I(D) - PROCUREMENT PROGRAM								
			As of _____ 19__ - (Dollars in Thousands)								
	A	B	C	D	E	F	G	H	I	J	K
			RETAIL	WHOLESALE							
	(MEMO)	REQUIRE-	RETAIL	SERV.	DUE-IN	UNSERV ON-HAND	UNSERV.	ON ORDER			
ASSETS AND ADJUSTMENTS		MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURNS	CONTRACT	COMMIT.	DEFICIT
1. Gross Assets			X	M	M	M	M	M	M	M	
2. Exemptions			X	M	M	M	M	M	M	M	
3. Condemnations						M	M	M			
4. Beyond DLB								M			
5. Net Assets			X	M	M	M	M	M	M	M	
WAR RESERVE REQUIREMENTS											
6. War Reserve		M	M	M	M	M	M	M	M	M	M
a. Retail PWR		X	X								X
b. Wholesale		M		M	M	M	M	M	M	M	M
(1) Protected WR		M		M	M	M	M	M	M	M	M
(2) Non-Protected WR		X		X	X	X	X	X	X	X	X
RETAIL REQUIREMENTS											
7. Dues Out		X	X								X
8. Safety Level		X	X								X
a. Customer Wait Time	X	X	X								X
b. Operational Readiness	X	X	X								X
9. Limited Demand		X	X								X
10. Insurance		X	X								X
11. Initial Spares		X	X								X
12. Field Repair Cycle	X	X	X								X
13. Order/Ship Time	X	X	X								X
14. Operating Level	X	X	X								X
15. Requisitioning Objective		X	X								X
16. Assets Beyond. RO			X								
WHOLESALE REQUIREMENTS											
17. Dues Out		M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. Insurance		X		X	X	X	X	X	X	X	X
c. L-O-T		X		X	X	X	X	X	X	X	X
d. Initial Spares		X		X	X	X	X	X	X	X	X
e. Planned Programs		X		X	X	X	X	X	X	X	X
f. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
18. Total Demands	M	M		M	M	M	M	M	M	M	M
a. Recurring	X	X		X	X	X	X	X	X	X	X
b. L-O-T	X	X		X	X	X	X	X	X	X	X
c. Initial Spares	X	X		X	X	X	X	X	X	X	X
d. Planned Programs	X	X		X	X	X	X	X	X	X	X
19. Safety Level		M		M	M	M	M	M	M	M	M
a. Customer Wait Time	M	X		X	X	X	X	X	X	X	X
b. Operational Readiness	M	X		X	X	X	X	X	X	X	X
20. Insurance Objective		M		M	M	M	M	M	M	M	M
21. L-O-T Objective		M		M	M	M	M	M	M	M	M

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	A	B	C	D	E	F	G	H	I	J	K
			RETAIL			WHOLESALE					
		REQUIRE-		SERV.	DUE-IN	UNSERV ON-HAND		UNSERV.	ON-ORDER		
ASSETS AND ADJUSTMENTS	(MEMO)	MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND.	RETURNS	CONTRACT	COMMIT.	DEFICIT
22. Repair Cycle Level	M	M		M	M	M	M	M	M	M	M
a. In Maint./Return	X	X		X	X	X	X	X	X	X	X
b. Accum./Transfer	X	X		X	X	X	X	X	X	X	X
c. Retrograde	X	X		X	X	X	X	X	X	X	X
23. PLT Level	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
24. ALT Level	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
25. Procurement/EOQ Level		M		M	M	M	M	M	M	M	M
a. EOQ Level	M	X		X	X	X	X	X	X	X	X
b. Procurement Level	M	X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
26. Wholesale Rqmts Obj.		M		M	M	M	M	M	M	M	M
a. Safety Level		X		X	X	X	X	X	X	X	X
b. Repair Cycle		X		X	X	X	X	X	X	X	X
c. Recurring		X		X	X	X	X	X	X	X	X
d. Insurance		X		X	X	X	X	X	X	X	X
e. L-O-T		X		X	X	X	X	X	X	X	X
f. Initial Spares		X		X	X	X	X	X	X	X	X
g. Planned Programs		X		X	X	X	X	X	X	X	X
h. FMS (Non-CLSSA)		X		X	X	X	X	X	X	X	X
27. Total Reqmts. Obj.		M	X	M	M	M	M	M	M	M	M
28. Assets Beyond. FY1 RO			X	M	M	M	M	M	M	M	
29. NSNs w/Rqmts & Assets	X										
30. NSNs w/Rqmts Only	X										
31. NSNs w/Assets Only	X										
32. Dues Out, End of BY		M									

CHAPTER 3

MATRIX II - REPAIR PROGRAM

A. INTRODUCTION

1. The following description and requirement elements apply to the stratification display for repair programs. The Opening Position, Matrix II(A), provides a snapshot of the requirements, assets, and deficits for secondary items recorded in the ICP's item record file as of the cutoff date (i.e., as of the close of business on the last day of each quarter). Matrices II(B) through II(D) simulate the requirements, assets, and deficits as of the end of the CY, AY, and BY years. The CY always starts at the beginning of the first quarter after the cutoff.

2. Column A (Memo) displays days of RLT and induction cycle for individual items, and a dollar-weighted average of all items in the summary matrix. The deficits to the repair requirements are computed on a individual item quantitative basis and displayed in Matrix II at both the standard price, Column J, and the average repair and/or overhaul cost, Column K.

3. The simulation process for the repair program is similar to that for the procurement program. The requirement elements differ with the elimination of the repair cycle level and the substitution

of the RLT level for the PLT and ALT levels. The RLT level is based on total demands to maximize the repair potential. The induction cycle level replaces the Procurement/EOQ level. The induction cycle or frequency represents the normal planned interval between the induction of batches of unserviceable assets into the maintenance operations. The induction cycle duration is based on the maximum induction batch size and the unserviceable asset generation rate (see DoD 4140.1-R, chapter 3 (reference (c))). The RLT determines availability of serviceable assets based on the induction date. The assets differ from the procurement simulation by displaying only the receipts from procurement within the RLT and eliminating the procurement on-order assets. Beyond date of last induction replaces beyond date of last buy. The repair deficit is constrained by the availability of unserviceable assets in Columns H and I. The remainder of this chapter describes the headings, the columnar, the line-item entries, and special instructions for selected cells. In the descriptions presented here, the abbreviated title to appear in the data submission is shown in brackets.

B. REPORT HEADINGS

1. Matrix II(A) - Opening Position. Matrix II(A) shows the actual requirements and assets as of the cutoff date and does not include any forecasts or simulations. It includes a memorandum entry of past actual unserviceable return data. The heading is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - OPENING
MATRIX II(A) - REPAIR PROGRAM - FY____
As of _____, 19____
(dollars in thousands)

2. Matrix II(B) - Current Year. Matrix II(B) shows the requirements and assets projected for the months remaining in the first simulation period. That period represents a full 12 months for the September cutoff and 6 months for the 31 March cutoff. The due out and insurance requirements displayed in Column B, Requirements, are the same as those reflected in Matrix II(A). All other requirements are simulated as of the date of last induction or end of the year for items not in a repair position. Unserviceable returns for the CY will represent recorded due ins as of the cutoff and/or forecast of unserviceable returns based on current computations. All other assets are as of the cutoff. Matrix II(B) includes "unserviceable returns beyond the date of last induction" under assets and "demands" under requirements in addition to the breakouts reflected in Matrix

II(A). The heading to be used is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL CY
MATRIX II(B) - REPAIR PROGRAM - FY____
As of _____, 19____
(dollars in thousands)

3. Matrix II(C) - Apportionment Year. Matrix II(C) shows the requirements and assets projected for the full 12 months of the AY. The due out and insurance requirements displayed in Column B, Requirements, are the same as those simulated to exist at the end of the CY. All other requirements are simulated as of the date of last induction or end of the period for items not in a repair position. Unserviceable returns are the forecast of returns projected to be received during the period. All other assets are those simulated to exist at the end of CY. The heading to be used is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL AY
MATRIX II(C) - REPAIR PROGRAM - FY____
As of _____, 19____
(dollars in thousands)

4. Matrix II(D) - Budget Year. Matrix II(D) shows the requirements and assets projected for the full 12 months in the BY. The due out and insurance requirements displayed in Column B, Requirements, are the same as those simulated to exist at the end of the AY. All other requirements are simulated as of the date of last induction or end of the BY for items not

in a repair position. Unserviceable returns are the forecast of returns projected to be received during BY. All other assets are those simulated to exist at the end of AY. The heading to be used is as follows:

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL BY
MATRIX II(D) - REPAIR PROGRAM - FY____
As of _____, 19____
(Dollars in thousands)

C. COLUMNAR ENTRIES

1. **Column A - Memorandum [Memo]**. Column A provides information about the requirement defined in the numbered line entry (e.g., the number of days of demand represented by the requirement element or the duration of the lead time). The requirements for memorandum entries are specified in section E.

2. **Column B - Requirements [Require / ments]**. Column B shows the quantitative requirement for the element defined in the line entry as of the cutoff for Matrix II(A) or as of the date of the last induction or the end of the FY if no induction occurs for Matrices II(B) through II(D).

3. **Column C - Retail Assets [Retail / Assets]**. Column C shows the serviceable and unserviceable on-hand assets and the assets in transit (due in) from the wholesale level of supply as of the end of the

period. This column is the same as Column C in Matrix I.

WHOLESALE ASSETS (COLUMNS D THROUGH I)

4. **Column D - Serviceable On-Hand Assets [Serv. / On-Hand]**. Column D shows the serviceable assets on hand at the wholesale level of supply in Condition Codes A, B, C, or D and Condition Code J, K, L, or O assets not exempted by Table 1-3 as of the end of the period. This column is the same as Column D in Matrix I.

5. **Column E - Due In Other [Due In / Other]**. Column E shows the serviceable due-in assets (same condition codes as in Column D) to the wholesale level of supply from sources other than procurement or maintenance as of the end of the period. This element will include all assets due in from field returns; disassembly of sets, kits and outfits; fabrication of items; and return of loans. This column is the same as Column E in Matrix I.

6. **Column F - Procurement Receipts within Repair Lead time [Proc. Recpt / W/in RLT]**. This column shows that portion of the assets on order in Columns J and K of Matrix I that are expected to be received during the repair lead time.

7. **Column G - Unserviceable On-Hand: Inducted [Unser. On Hand: / Inducted]**. Column G shows the quantities of

unserviceable assets on hand that are recorded in the accountable records in Condition Code M (includes Condition Code G if funds have been obligated) and those quantities due-in from contractor maintenance as of the end of the period. This column is the same as Column F in Matrix I.

8. Column H - Unserviceable On Hand: Not Inducted [Unserv. On Hand: / Not Ind.]. Column H shows the quantity of unserviceable assets on hand in Condition Code F (includes Condition Code G if funds have not been obligated) as of the end of the period. This column is the same as Column G in Matrix I.

9. Column I - Unserviceable Returns [Unserv. / Returns]. Column I shows the firm due-in assets (intransit) as of the cutoff for the opening position or the unserviceable returns forecast to be received in the FY. This column is the same as Column H in Matrix I.

WHOLESALE REPAIR DEFICITS

10. Column J - Deficit at Standard Price [Deficit: / Standard]. Column J shows the item quantity deficit to the repair requirement (the sum of Column H and Column I) multiplied by the standard price for the item.

11. Column K - Deficit at Repair Cost [Deficit: / Repr Cost]. Column K shows the item quantity deficit to the repair requirement (the sum of Column H

and Column I) multiplied by the average repair and/or overhaul cost for the item.

D. LINE ENTRIES

1. Assets

a. Line 1 - Gross Assets, Stratification Cutoff [Gross Assets]. Line 1 shows all assets on hand and expected to be received within the RLT from all sources that are owned by the reporting DoD Component and under the control of the wholesale inventory manager as projected at the cutoff date for Matrix II(A) or at the end of the fiscal year simulation for Matrices II(B) through II(D). Column H will contain the total anticipated unserviceable returns for the next FY.

b. Line 2 - Exempt Assets [Exemptions]. Line 2 shows those gross assets that are not applicable to requirements in the stratification process based on DoD policy. (See the Chapter 1.F.)

c. Line 3 - Forecast of Condemnations [Condemnations]. Line 3 applies only to reparable unserviceable assets on hand (Columns F and G) and due in (Column H). This element displays the value of the unserviceable reparables that are expected to be condemned during the overhaul/repair process. Assets discounted on this line will not be stratified to any other element. (See Chapter 1.F.)

d. Line 4 - Forecast of Unserviceable Returns Beyond Date of Last Induction (DLI) [Beyond DLI]. Line 4 applies only to unserviceable returns (Column H) in Matrices II(B) through II(D). This element displays the value of the recoverable unserviceable returns that are forecast to arrive subsequent to the last induction for the year. If there is no induction during the period, this entry will be blank. (See Chapter 1, section F.)

e. Line 5 - Net Available Assets (for stratification) [Net Assets]. Line 5 is the difference between the gross assets on Line 1 and the excluded assets on Lines 2, 3, and 4 (Line 1 minus the sum of Lines 2, 3, and 4).

2. Requirements

a. War Reserve Requirements

(1) Line 6 - War Reserve Requirement [War Reserves]. Line 6 is the war reserve requirement that must be reserved at the retail activities or at the wholesale depot prior to hostilities. It is the total of the retail and wholesale war reserve, line 6a plus 6b.

(a) Line 6a - Retail Protected War Reserve [Retail Protected]. Line 6a shows the portion of the war reserve that is stored at the

retail activities. This requirement includes items with Reason for Stockage Code (RSC) SW as defined in DoD 4140.1-R, chapter 3 (reference (c)). (See DoD Directive 3110.6 (reference (a)) and this Manual, chapter 1, subsection .E.1. for details.)

(b) Line 6b - Wholesale War Reserve [Wholesale]. Line 6b shows the war reserves at the wholesale level. It is the sum of line 6b(1) and 6b(2).

(1) Line 6b(1) - Protected War Reserves [Protected]. Line 6b(1) shows that portion of the war reserve assets that are protected for emergency use in the year of simulation.

(2) Line 6b(2) - Non-Protected War Reserves [Non-Protected]. Line 6b(2) shows that portion of the war reserve materiel requirement (WRMR) for which funding has not been approved and assets are not protected in the year of simulation.

b. Retail Requirements

(1) Line 7 - Retail Peacetime Requisitioning Objective [Requisitioning Objective]. Line 7 is the sum of Lines 7 through 14 of Matrix I.

c. Wholesale Requirements

(1) Line 8 - Dues Out [Dues Out]. Line 8 shows the total quantity due out. This

entry is the same as that on Line 17 of Matrix I.

(2) Line 9 - Total Demands, Fiscal Year - (Forecast of Demands) [Total Demands].

Lines 9 and 9a-9f are used for Matrices II(B) through II(D), they are not used in Matrix II(A). Line 9 shows the estimated demand for the issue of items (exclusive of those shown as a due out) from the beginning of the fiscal year to the date of the last induction or the end of the fiscal year for items without an induction.

(a) Line 9a - Recurring Demand-Based [Recurring]. Line 9a shows the portion of the forecast of total demands that represents recurring demands.

(b) Line 9b - Life-of-Type [L-O-T]. Line 9b shows the portion of the forecast of total demands for the period that represents L-O-T demands.

(c) Line 9c - Initial Spares [Initial Spares]. Line 9c shows the portion of the forecast of total demands for the period that represents initial spares demands.

(d) Line 9d - Planned Programs [Planned Programs]. Line 9d shows the portion of the forecast of total demands for the period that represents planned program demands.

(e) Line 9e - FMS Non-CLSSA [FMS Non-CLSSA]. Line

9e shows the portion of the forecast of total demands for the period that represents other nonrecurring demands.

(3) Line 10 - Safety Level [Safety Level]. Line 10 shows the quantity of an item that is required to ensure continued operations in the event of fluctuation of demands or leadtimes. This entry is the same as that on Line 20 of Matrix I.

(4) Line 11 - Insurance Objective [Insurance Objective]. Line 11 shows the maximum on-hand and on-order inventory authorized for items coded as insurance (DoD 4140.1-R, chapter 3 (reference (c))). This entry is the same as that on line 20 of Matrix I.

5) Line 12 - Life-Of-Type On-Hand Objective [L-O-T Objective]. Line 12 shows the total authorized requirement for on-hand inventory subsequent to a L-O-T buy for items that will no longer be procured. The objective will be reduced as assets are attrited so that the requirements will never exceed the assets. The entry is the same as that on line 21 of Matrix I.

(6) Line 13 - Repair Lead time Level Total [Repair Leadtime]. Line 13 shows, for reparable items only, the full repair lead time level as of the cutoff date. The quantity is based on the total demands forecast to occur from the time assets are inducted into a depot maintenance activity (organic,

interservice, or contractor) until they are repaired and recorded ready-for-issue (RFI) on the ICP's record; i.e., transfer to maintenance, maintenance turnaround-time, and transfer from maintenance time as defined in DoD 4140.1-R, Appendix E (reference (c)). Note: The RLT Level is not the same as the Repair Cycle Level in Matrix I.

(a) Line 14a - Recurring [Recurring]. Line 14a shows the portion of the RLT level that represents the total recurring demands.

(b) Line 13b - Life-of-Type [L-O-T]. Line 13b shows the portion of the RLT level that represents the total L-O-T demand.

(c) Line 13c - Initial Spares [Initial Spares]. Line 13c shows the portion of the RLT level that represents initial spares.

(d) Line 13d - Planned Programs [Planned Programs]. Line 13d shows the portion of the RLT level that represents planned program issues.

(e) Line 13e - FMS Non-CLSSA [FMS Non-CLSSA]. Line 13e shows the portion of the RLT level that represents FMS non-CLSSA issues.

(7) Line 14 - Induction Cycle Level [Induct. Cycle Level]. Line 14 shows the

induction cycle level. The induction cycle or frequency represents the normal planned interval between the induction of batches of unserviceable assets into maintenance. The induction cycle is based on the authorized batch size and accumulation time. (See DoD 4140.1-R, Appendix E (reference (c).) The induction cycle level is the number of unserviceable returns on hand and/or anticipated during the cycle. If no inductions occur during the period, this entry is blank.

(8) Line 15 - Wholesale Repair Requirement Objective/Applied Assets/Deficit [Wholesale Repair Rqmt]. Line 15 is the sum of Lines 6b and 8 through 14 for Columns B through K.

(10) Line 16 - Total Repair Requirements [Total Repair Rqmts]. Line 16 is the sum of Line 6a plus Line 15.

(11) Line 17 - Assets Beyond Repair Requirement Objective [Assets Beyond Rep RO]. Line 17 is the difference between Line 5 and Line 16 for Columns B through I.

E. SPECIAL INSTRUCTIONS FOR LINE and/or COLUMN CELLS

1. Line 3, Columns G, H, and I. These cells contain the value of the unserviceable reparable assets that are expected to be condemned based on the current washout rates. Those rates are reduced for

application to assets inducted into maintenance (Column G). (See the Chapter I section on Repairable Assets for detailed instructions.)

2. Line 4, Column I FOR MATRICES II(B) THROUGH II(D) ONLY. This cell contains the value of recoverable unserviceable repairable assets that are expected to be received subsequent to the last induction for the year. If no inductions occur, this cell is blank.

3. Line 14, Column A. This cell contains the computed days for items; for summaries, it contains the dollar-weighted number of days of supply the total RLT level represents based on the average value of 1 day of the total demand.

4. Line 15, Column A. This cell contains the computed days for items; for summaries, it contains the dollar-weighted number of days of supply the induction cycle represents based on the average value of 1 day of unserviceable returns.

5. Line 18, Column A - Item Counts [NSNs w/Rqmts & Assets]. Line 18 shows the total number of NSNs included in matrix with both requirements and assets.

6. Line 19, Column A - Item Counts [NSNs w/Rqmts Only]. Line 19 shows the total number of NSNs included in the matrix with requirements and no assets.

7. Line 20, Column A - Item Counts [NSNs w/Assets Only].

Line 20 shows the total number of NSNs included in the matrix with assets and no requirements.

8. Line 21 FOR MATRIX II(A) ONLY - Past Actual Unserviceable Returns [Total Unserviceable, Returns]. Line 21, Column A shows the total actual historical unserviceable returns as of the cutoff date. For the March 31 cutoff, it will equal the first 6 months of the CY. For the September 30 cutoff, it will equal the full 12 months of the year before the CY.

F. MATRIX II EXAMPLES

1. The following four pages contain an example of each of the matrices described in this chapter.

2. The codes for the matrices are as follows:

- M Mandatory entry
- x Mandatory entry once the data is available in the automated systems. Until that time, this is an optional entry.

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SECONDARY ITEM STRATIFICATION											
FUNDING CATEGORY _____ - OPENING POSITION											
MATRIX II(A) - REPAIR PROGRAM - FY _____											
As of _____ 19__ - (Dollars in Thousands)											
	A	B	C	D	E	F	G	H	I	J	K
	RETAIL			WHOLESALE							
	(MEMO)	REQUIRE-		SERV.		PROC					
		MENTS	ASSET	ON-	DUE-IN	RECPT	UNSERV. ON-HAND	UNSERV.	DEFICIT:		
	A	B	C	D	E	F	G	H	I	J	K
ASSETS AND ADJUSTMENTS											
1. Gross Assets			X	M	M	M	M	M	M		
2. Exemptions			X	M	M	M	M	M	M		
3. Condemnations							M	M	M		
4. Beyond DLI									M		
5. Net Assets			X	M	M	M	M	M	M		
REQUIREMENT PRIORITY											
6. War Reserve		M	X	M	M	M	M	M	M	M	M
a. Retail Protected		X	X							X	X
b. Wholesale		M		M	M	M	M	M	M	M	M
(1) Protected		M		M	M	M	M	M	M	M	M
(2) Non-Protected		X		M	M	M	M	M	M	M	M
RETAIL REQUIREMENTS											
7. Requisitioning Objective		X	X							X	X
WHOLESALE REQUIREMENTS											
8. Dues Out		M		M	M	M	M	M	M	M	M
9. Total Demands		M		M	M	M	M	M	M	M	M
10. Safety Level	M	M		M	M	M	M	M	M	M	M
11. Insurance Objective		M		M	M	M	M	M	M	M	M
12. L-O-T Objective		M		M	M	M	M	M	M	M	M
13. Repair Leadtime	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. Planned Programs		X		X	X	X	X	X	X	X	X
e. FMS Non-CLSSA		X		X	X	X	X	X	X	X	X
14. Induct Cycle Level	X	X		X	X	X	X	X	X	X	X
15. Wholesale Repair Rqmt		M		M	M	M	M	M	M	M	M
16. Total Repair Rqmt		M	X	M	M	M	M	M	M	M	M
17. Assets Beyond Rep RO			X	M	M	M	M	M	M		
18. NSNs w/Rqmts & Assets	X										
19. NSNs w/ Rqmts Only	X										
20. NSNs w/Assets Only	X										
PAST UNSERVICEABLE RETURNS											
21. Tot Unservicable Returns	X										

			SECONDARY ITEM STRATIFICATION								
			FUNDING CATEGORY _____ - OPENING POSITION								
			MATRIX II(B) - REPAIR PROGRAM - FY _____								
			As of _____ 19__ - (Dollars in Thousands)								
	A	B	C	D	E	F	G	H	I	J	K
			RETAIL	WHOLESALE							
	(MEMO)	REQUIRE-		SERV.		PROC					
		MENTS	ASSET	ON-	DUE-IN	RECPT	UNSERV.	ON-HAND	UNSERV.	DEFICIT:	
				HAND	OTHER	W/IN RLT	INDUCT	NOT IND	RETURN	STD CST	REPR CST
ASSETS AND ADJUSTMENTS											
1. Gross Assets			X	M	M	M	M	M	M		
2. Exemptions			X	M	M	M	M	M	M		
3. Condemnations							M	M	M		
4. Beyond DLI									M		
5. Net Assets			X	M	M	M	M	M	M		
REQUIREMENT PRIORITY											
6. War Reserve		M	X	M	M	M	M	M	M	M	M
a. Retail Protected		X	X							X	X
b. Wholesale		M		M	M	M	M	M	M	M	M
(1) Protected		M		M	M	M	M	M	M	M	M
(2) Non-Protected		X		M	M	M	M	M	M	M	M
RETAIL REQUIREMENTS											
7. Requisitioning Objective		X	X							X	X
WHOLESALE REQUIREMENTS											
8. Dues Out		M		M	M	M	M	M	M	M	M
9. Total Demands	M	M		M	M	M	M	M	M	M	M
a. Recurring	X	X		X	X	X	X	X	X	X	X
b. L-O-T	X	X		X	X	X	X	X	X	X	X
c. Initial Spares	X	X		X	X	X	X	X	X	X	X
d. Planned Program	X	X		X	X	X	X	X	X	X	X
e. FMS Non-CLSSA	X	X		X	X	X	X	X	X	X	X
10. Safety Level Total	M	M		M	M	M	M	M	M	M	M
11. Insurance Objective		M		M	M	M	M	M	M	M	M
12. L-O-T Objective		M		M	M	M	M	M	M	M	M
13. Repair Leadtime	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. Planned Programs		X		X	X	X	X	X	X	X	X
e. FMS Non-CLSSA		X		X	X	X	X	X	X	X	X
14. Induct Cycle Level	X	X		X	X	X	X	X	X	X	X
15. Wholesale Repair Rqmt		M		M	M	M	M	M	M	M	M
16. Total Repair Rqmt		M	X	M	M	M	M	M	M	M	M
17. Assets Beyond Rep RO			X	M	M	M	M	M	M		
18. NSNs w/Rqmts & Assets	X										
19. NSNs w/Rqmts Only	X										
20. NSNs w/Assets Only	X										

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SECONDARY ITEM STRATIFICATION											
FUNDING CATEGORY _____ - APPORTIONMENT YEAR _____											
MATRIX II(C) - REPAIR PROGRAM - FY _____											
As of _____ 19__ - (Dollars in Thousands)											
	A	B	C	D	E	F	G	H	I	J	K
	RETAIL			WHOLESALE							
	(MEMO)	REQUIRE-		SERV.	PROC						
	MENTS	ASSET		ON-	DUE-IN	RECPT	UNSERV. ON-HAND	UNSERV.	DEFICIT:		
				HAND	OTHER	W/IN RLT	INDUCT	NOT IND	RETURN	STD CST	REPR CST
ASSETS AND ADJUSTMENTS											
1. Gross Assets			X	M	M	M	M	M	M		
2. Exemptions			X	M	M	M	M	M	M		
3. Condemnations							M	M	M		
4. Beyond DLI									M		
5. Net Assets			X	M	M	M	M	M	M		
REQUIREMENT PRIORITY											
6. War Reserve		M	X	M	M	M	M	M	M	M	M
a. Retail Protected		X	X							X	X
b. Wholesale		M		M	M	M	M	M	M	M	M
(1) Protected		M		M	M	M	M	M	M	M	M
(2) Non-Protected		X		M	M	M	M	M	M	M	M
RETAIL REQUIREMENTS											
7. Requisitioning Objective		X	X							X	X
WHOLESALE REQUIREMENTS											
8. Dues Out		M		M	M	M	M	M	M	M	M
9. Total Demands	M	M		M	M	M	M	M	M	M	M
a. Recurring	X	X		X	X	X	X	X	X	X	X
b. L-O-T	X	X		X	X	X	X	X	X	X	X
c. Initial Spares	X	X		X	X	X	X	X	X	X	X
d. Planned Program	X	X		X	X	X	X	X	X	X	X
e. FMS Non-CLSSA	X	X		X	X	X	X	X	X	X	X
10. Safety Level Total	M	M		M	M	M	M	M	M	M	M
11. Insurance Objective		M		M	M	M	M	M	M	M	M
12. L-O-T Objective		M		M	M	M	M	M	M	M	M
13. Repair Leadtime	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. Planned Programs		X		X	X	X	X	X	X	X	X
e. FMS Non-CLSSA		X		X	X	X	X	X	X	X	X
14. Induct Cycle Level	X	X		X	X	X	X	X	X	X	X
15. Wholesale Repair Rqmt		M		M	M	M	M	M	M	M	M
16. Total Repair Rqmt		M	X	M	M	M	M	M	M	M	M
17. Assets Beyond Rep RO			X	M	M	M	M	M	M		
18. NSNs w/Rqmts & Assets	X										
19. NSNs w/ Rqmts Only	X										
20. NSNs w/Assets Only	X										

			SECONDARY ITEM STRATIFICATION								
			FUNDING CATEGORY _____ - BUDGET YEAR _____								
			MATRIX II(D) - REPAIR PROGRAM - FY _____								
			As of _____ 19__ - (Dollars in Thousands)								
	A	B	C	D	E	F	G	H	I	J	K
			RETAIL	WHOLESALE							
				SERV.		PROC					
	(MEMO)	REQUIRE-		ON-	DUE-IN	RECPT	UNSERV. ON-HAND	UNSERV.	DEFICIT:		
		MENTS	ASSET	HAND	OTHER	W/IN RLT	INDUCT	NOT IND	RETURN	STD CST	REPR CST
ASSETS AND ADJUSTMENTS											
1. Gross Assets			X	M	M	M	M	M	M		
2. Exemptions			X	M	M	M	M	M	M		
3. Condemnations							M	M	M		
4. Beyond DLI									M		
5. Net Assets			X	M	M	M	M	M	M		
REQUIREMENT PRIORITY											
6. War Reserve		M	X	M	M	M	M	M	M	M	M
a. Retail Protected		X	X							X	X
b. Wholesale		M		M	M	M	M	M	M	M	M
(1) Protected		M		M	M	M	M	M	M	M	M
(2) Non-Protected		X		M	M	M	M	M	M	M	M
RETAIL REQUIREMENTS											
7. Requisitioning Objective		X	X							X	X
WHOLESALE REQUIREMENTS											
8. Dues Out		M		M	M	M	M	M	M	M	M
9. Total Demands	M	M		M	M	M	M	M	M	M	M
a. Recurring	X	X		X	X	X	X	X	X	X	X
b. L-O-T	X	X		X	X	X	X	X	X	X	X
c. Initial Spares	X	X		X	X	X	X	X	X	X	X
d. Planned Program	X	X		X	X	X	X	X	X	X	X
e. FMS Non-CLSSA	X	X		X	X	X	X	X	X	X	X
10. Safety Level Total	M	M		M	M	M	M	M	M	M	M
11. Insurance Objective		M		M	M	M	M	M	M	M	M
12. L-O-T Objective		M		M	M	M	M	M	M	M	M
13. Repair Leadtime	M	M		M	M	M	M	M	M	M	M
a. Recurring		X		X	X	X	X	X	X	X	X
b. L-O-T		X		X	X	X	X	X	X	X	X
c. Initial Spares		X		X	X	X	X	X	X	X	X
d. Planned Programs		X		X	X	X	X	X	X	X	X
e. FMS Non-CLSSA		X		X	X	X	X	X	X	X	X
14. Induct Cycle Level	X	X		X	X	X	X	X	X	X	X
15. Wholesale Repair Rqmt		M		M	M	M	M	M	M	M	M
16. Total Repair Rqmt		M	X	M	M	M	M	M	M	M	M
17. Assets Beyond Rep RO			X	M	M	M	M	M	M		
18. NSNs w/Rqmts & Assets	X										
19. NSNs w/ Rqmts Only	X										
20. NSNs w/Assets Only	X										

CHAPTER 4

MATRIX III - READINESS STATUS

A. INTRODUCTION

1. This chapter presents descriptions and requirement elements for the stratification display of readiness status and analysis. Matrix III establishes a gross measurement of the retail and wholesale supply systems' capability to satisfy logistic requirements as of a point in time by measuring asset availability against on-hand requirement elements. It provides a snapshot of the requirements, assets, and deficits for secondary items recorded as of the cutoff date (i.e., as of the close of business on the last day of each quarter).

2. This matrix displays those requirements for assets required to be on hand and ready-for-issue (RFI) as of the stratification cutoff date. Assets in the pipelines and leadtimes are not included. It shows the minimum desired on-hand and maximum authorized stock on-hand requirements for both the retail and wholesale levels. It also shows the required readiness status by including the War Reserve requirements. To the degree that the matrix shows a deficit to the minimum on-hand objective, the serviceable on-hand assets are considered inadequate. To the degree that the serviceable on-hand assets are greater than the operating

level and/or procurement cycle requirement, the assets are considered excessive.

3. The requirements elements are grouped into war reserves and peacetime requirements, with retail and wholesale subgroups. The requirement elements are listed in priority sequence. For DoD Component activities that do not have visibility of the retail level of supply, only the elements that are applicable to the wholesale level are displayed and the retail elements are left blank. The same procedure applies for the individual breakout of the various wholesale levels until such time as the activity has visibility of those elements.

4. A description follows of the report heading, columnar entries and line-item entries. The abbreviated title to appear in the data submission is shown in brackets.

B. REPORT HEADING

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL
MATRIX III - READINESS STATUS,
As of _____, 19____
(dollars in thousands)

C. COLUMNAR ENTRIES

1. Column A, Section A - Ready-for-Issue (RFI) Deficit [RFI / Deficit]. Column A shows the shortage of serviceable or

RFI assets for each of the requirement elements. Column A is the difference between requirement in Column B and the assets in Columns C and D (Column B minus the sum of Columns C and D).

2. Column B - Requirements [Require / ments]. Column B shows the quantitative requirement for the element defined in the Line entry as of the cutoff.

3. Column C - Retail Assets [Retail / Assets]. Column C shows the serviceable and unserviceable on-hand assets and the assets in transit (due in) from the wholesale level of supply as of the cutoff. Retail assets are applied against retail war reserve requirements and then retail peacetime requirements; after that, any unapplied retail assets are applied against wholesale requirements.

WHOLESALE ASSETS (COLUMNS D THROUGH J)

4. Column D - Serviceable On-Hand Assets [Serv. / On Hand]. Column D shows the serviceable assets on hand at the wholesale level of supply in Condition Codes A, B, C, or D, and Condition Code J, K, L, or O assets not exempted by Table 1-3 as of the cutoff.

5. Column E - Due In Other [Due In / Other]. Column E shows the serviceable assets due in (same condition codes as in Column D) to the wholesale level of supply from sources other

than procurement or maintenance as of the cutoff date. This element includes all assets due in from field returns, disassembly of sets, kits and outfits, fabrication of items, and return of loans.

6. Column F - Unserviceable On Hand: Inducted [Unserv. On Hand: / Inducted]. Column F shows the quantities of unserviceable assets on hand that are recorded in the accountable records in Condition Code M (include Condition Code G if funds have been obligated) and those quantities due-in from contractor maintenance and recorded in the due-in file as a DIC "DFM" as of the cutoff.

7. Column G - Unserviceable On Hand: Not Inducted [Unserv On Hand: / Not Ind]. Column G shows the quantity of unserviceable assets on hand in Condition Code F (include Condition Code G if funds have not been obligated) as of the cutoff.

8. Column H - Unserviceable Returns [Unserv. / Returns]. Column H displays firm due in (intransit) as of the cutoff and/or the forecast of unserviceable returns for the balance of the CY and the forecast of unserviceable returns for the AY and BY.

9. Column I - On-Order: Contract [On Order: Contract]. Column I shows the quantity of assets due in from procurement for which funds have been obligated and not disbursed as of the cutoff. The column

includes assets in a suspended stage because of legal consideration (e.g., strikes, defaults, and suspended contracts).

10. Column J - On Order: Commitment [On Order: / Commit]. Column J shows the quantity of assets due in from procurement for which a procurement request has been initiated at the item's reorder or buy point and a contract not yet awarded as of the cutoff. It does NOT include precommitment and planning procurement requests initiated before the item reaches the reorder point.

11. Column K - Deficit [Deficit]. Column K shows the quantity of an item's requirement from Column B that exceeds the sum of the assets in Columns C through J.

D. LINE ENTRIES

1. Assets, Line 1 - Net Available Assets (for stratification) [Net Assets]. Line 1 is the difference between the gross assets on Line 1, Matrix I(A) and the assets on Lines 2, 3 and 4, Matrix I(A). This is the same as Line 5, Matrix I(A).

2. Requirements

a. War Reserve Requirements

(1) Line 2 - War Reserve Requirement [War Reserves]. Line 2 is the same as Line 6, Matrix I(A).

(a) Line 2a - Retail Protected War Reserve Requirement [Retail Protected]. Line 2a is the same as Line 6a, Matrix I(A).

(b) Line 2b - Wholesale War Reserves [Wholesale]. Line 2b is the same as Line 6b, Matrix I(A).

(1) Line 2b(1) - Protected War Reserve [Protected]. Line 2b(1) is the same as Line 6b(1), Matrix I(A).

(1) Line 2b(2) - Non-Protected War Reserve [Non-Protected]. Line 2b(2) is the same as Line 6b(2), Matrix I(A).

b. Retail Requirements

(1) Line 3 - Stock Due Out [Dues Out]. Line 3 is the same as Line 7, Matrix I(A).

(2) Line 4 - Safety Level [Safety Level]. Line 4 is the same Line 8, Matrix I(A).

(3) Line 5 - Limited Demand [Limited Demand]. Line 5 is the same as Line 9, Matrix I(A).

(4) Line 6 - Insurance Stockage Objective [Insurance]. Line 6 is the same as Line 10, Matrix I(A).

(5) Line 7 - Initial Spares [Initial Spares]. Line 7 is the same as Line 11, Matrix I(A).

(6) Line 9 - Field Repair Cycle Level [Repair Level]. Line 9 is the same as Line 13, Matrix I(A).

(7) Line 9 - Minimum Retail On-Hand (OH) Objective [Minimum. Retail OH Obj]. Line 9 shows the minimum assets that should be on hand. These entries are the sum of Lines 2a plus 3 through 8 for Columns B through K.

(8) Line 10 - Operating Level [Operating Level]. Line 10 is the same as Line 14, Matrix I(A).

(9) Line 11 - Maximum Retail On-Hand Objective [Maximum Retail OH Obj]. Line 11 shows the maximum assets authorized to be on hand. These entries are the sum of Lines 9 and 10 for Columns B through K.

(10) Line 12 - Retail Requisitioning Objective / Applied Assets / Deficits [Requisitioning Objective]. These entries are the same as Line 15, Columns B through K, Matrix I(A) and not the sum of the preceding entries because order and ship time requirements are included to preclude the assets from applying to wholesale requirement.

c. Wholesale Requirements

(1) Line 13 - Dues Out [Dues Out]. Line 13 is the same as Line 17, Matrix I(A).

(2) Line 14 - Safety Level Total [Safety Level]. Line 14 is the same as Line 19, Matrix I(A).

(3) Line 15 - Insurance Objective [Insurance Objective]. Line 15 is the same as Line 20, Matrix I(A).

(4) Line 16 - Life-Of-Type Objective [L-O-T Objective]. Line 16 is the same as Line 21, Matrix I(A).

(5) Line 17 - Repair Cycle Level Total [Repair Cycle Level]. Line 17 is the same as Line 22, Matrix I(A).

(6) Line 18 - Minimum Wholesale On-Hand Objective [Min Whse OH Obj]. Line 18 shows the minimum assets that should be on hand. This entry is the sum of lines 2b and 13 through 17 for Columns B through K.

(7) Line 19 - Procurement/Economic Order Quantity Level [Procurement/EOQ Level]. Line 19 is the same as Line 25, Matrix I(A).

(8) Line 20 - Maximum Wholesale On-Hand Objective [Max Whlse. OH Obj]. Line 20 shows the maximum quantity authorized to be on hand. This entry is the sum of Lines 18 and 19 for Columns B through K.

(9) Line 21 - Balance War Reserve [Balance War Reserve]. Line 21 shows the unfunded portion of the war reserve requirement that is projected to be required as of the cutoff.

(10) Line 22 - Total
Readiness Objective / Assets /
Deficits [Readiness Objective.].

Line 22 shows the total retail
and wholesale readiness status.
This entry is the sum of Lines
12 , 20 and 21.

(11) Line 23 - Assets
Beyond Readiness Objective
[Assets Beyond Read Obj]. Line

23 is the difference between
Line 1 and Line 22 (Line 1 minus
Line 22) for Columns C through
J.

E. MATRIX III EXAMPLE

1. The following page
contains an example of the
matrix described in this
chapter.

2. The codes for the matrix
are as follows:

- M Mandatory entry
- x Mandatory entry once the
data is available in the
automated systems.
Until that time, this is
an optional entry.

				SECONDARY ITEM STRATIFICATION							
				FUNDING CATEGORY _____ - TOTAL							
				MATRIX III - READINESS							
				As of _____ 19__ - (Dollars In Thousands)							
	A	B	C	D	E	F	G	H	I	J	K
			RETAIL			WHOLESALE					
	RFI	REQUIRE-		SERV.	DUE-IN	UNSERV. ON-HAND	UNSERV.		ON - ORDER		
ASSETS AND ADJUSTMENTS	DEFICIT	MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND	RETURNS	CONTR	COMMIT.	DEFICIT
1. Net Assets			X	M	M	M	M	M	M	M	
REQUIREMENT PRIORITY											
2. War Reserves	X	M	M	M	M	M	M	M	M	M	M
a. Retail Protected	X	X	X								X
b. Wholesale	X	M	M	M	M	M	M	M	M	M	M
(1) Protected	M	M		M	M	M	M	M	M	M	M
(2) Non-Protected	X	X		X	X	X	X	X	X	X	X
RETAIL REQUIREMENTS											
3. Dues Out	X	X	X								X
4. Safety Level Total	X	X	X								X
5. Limited Demand	X	X	X								X
6. Insurance	X	X	X								X
7. Initial Spares	X	X	X								X
8. Field Repair Level	X	X	X								X
9. Minimum Retail OH Obj.	X	X	X								X
10. Operating Level	X	X	X								X
11. Maximum Retail OH Obj.	X	X	X								X
12. Requisitioning Objective	X	X	X								X
Wholesale Requirements											
13. Dues Out	M	M		M	M	M	M	M	M	M	M
14. Safety Level Total	M	M		M	M	M	M	M	M	M	M
15. Insurance Objective	M	M		M	M	M	M	M	M	M	M
16. L-O-T Objective	M	M		M	M	M	M	M	M	M	M
17. Repair Cycle Level	M	M		M	M	M	M	M	M	M	M
18. Min. Whsle. OH Obj.	M	M		M	M	M	M	M	M	M	M
19. Procurement/EOQ Level	M	M		M	M	M	M	M	M	M	M
20. Max. Whsle. OH Obj.	M	M		M	M	M	M	M	M	M	M
21. Balance War Reserve	M	M		M	M	M	M	M	M	M	M
22. Total Readiness Obj	M	M	X	M	M	M	M	M	M	M	M
23. Assets Beyond Read Obj			X	M	M	M	M	M	M	M	

CHAPTER 5

MATRIX IV - APPROVED ACQUISITION OBJECTIVE AND RETENTION

A. INTRODUCTION

1. Matrix IV provides the traditional identification of assets, as of the stratification date, by the purpose for which held, i.e., approved acquisition objective and authorized retention. This matrix shall be processed at standard and latest acquisition price for retention and transfer actions prescribed by DoD Directive 4140.1 (reference (d)), and for management of assets with no requirements in the period of simulation. The September 30 Table III, processed at the latest acquisition price, shall be used for the annual inventory report, "Supply System Inventory Report (SSIR), under the provisions of DoD 4140.1-R, Chapter 4.

2. The latest acquisition value method as prescribed by the DoD Comptroller shall reduce inventory value by removing surcharges, adjusting unserviceable items to a carcass value by removing the cost to repair, and adjusting inventory to salvage value if it is not expected to survive repair or is stratified as Potential Reutilization/Disposal stock. The requirements are grouped by current on hand, pipeline and future, retention, and potential excess. These groupings permit the display of assets applying to current on-hand requirements in the annual inventory report to Congress and at the same time

provide continuity of reporting by displaying the balance of the AAO and war reserves (the previous AFAO). The current requirements have war reserve, retail, and wholesale subgroups.

3. A description follows of the report heading, columnar entries, line-item entries, and any special instruction for selected cells. The abbreviated title to appear in the data submission is shown in brackets.

B. REPORT HEADING

SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY _____ - TOTAL
TABLE IV - APPROVED ACQUISITION
OBJECTIVE AND RETENTION
As of _____, 19____
(dollars in thousands)

C. COLUMNAR ENTRIES

1. Column A, Matrix IV(A) - Requirements [Require / ments]. Column A shows the quantitative requirement for the element defined in the Line entry as of the cutoff.

2. Column A, Matrix IV(B) - Authorized Retention Limit [Author/Limit]. Column A shows the authorized retention limit for the element defined in the line entry. With the exception of the economic retention limits, the authorized limit is not greater than the stratified assets.

3. Column B - Retail Assets [Retail / Assets]. Column B shows the serviceable and unserviceable on-hand assets and the assets in transit (due in) from the wholesale level of supply as of the cutoff. Retail assets are applied against retail war reserve requirements and then retail peacetime requirements; after that, any unapplied retail assets are applied against wholesale requirements.

WHOLESALE ASSETS (COLUMNS C THROUGH I)

4. Column C - Serviceable On-Hand Assets [Serv. / On Hand]. Column C shows the serviceable assets on hand at the wholesale level of supply in Condition Codes A, B, C, or D and Condition Code J, K, L, or O assets not exempted by Table 1-3 as of the cutoff.

5. Column D - Due In Other [Due In / Other]. Column D shows the serviceable assets due in (same condition codes as in Column C) to the wholesale level of supply from sources other than procurement or maintenance as of the cutoff date. This element includes all assets due in from field returns, disassembly of sets, kits and outfits, fabrication of items, and return of loans.

6. Column E - Unserviceable On Hand: Inducted [Unserv. On Hand: / Inducted]. Column E shows the quantities of unserviceable assets on hand that are recorded in the accountable records in Condition Code M (include Condition Code G

if funds have been obligated) and those quantities due-in from contractor maintenance and recorded in the due-in file as a DIC "DFM" as of the cutoff.

7. Column F - Unserviceable On Hand: Not Inducted [Unserv. On Hand: / Not Ind.]. Column F shows the quantity of unserviceable assets on hand in Condition Code F (include Condition Code G if funds have not been obligated) as of the cutoff.

8. Column G - Unserviceable Returns [Unserv. / Returns]. Column G displays firm due in (intransit) as of the cutoff and/or the forecast of unserviceable returns for the balance of the CY and the forecast of unserviceable returns for the AY and BY.

9. Column H - On-Order: Contract [On Order: Contract]. Column H shows the quantity of assets due in from procurement for which funds have been obligated and not disbursed as of the cutoff. The column includes assets in a suspended stage because of legal consideration (e.g., strikes, defaults, and suspended contracts).

10. Column I - On Order: Commitment [On Order: / Commit]. Column I shows the quantity of assets due in from procurement for which a procurement request has been initiated at the item's reorder or buy point and a contract not yet awarded as of the cutoff. It does NOT include precommitment and planning procurement requests initiated

before the item reaches the reorder point.

11. Column J, Matrix IV(A) - Deficit [Deficit]. Column J shows the quantity of an item's requirement from Column A that exceeds the sum of the assets in Columns B through I.

12. Column J, Matrix IV(B) - Under Authorized Retention Limit [Under/limit]. Column J shows the quantity of an item's authorized retention limit that exceed the sum of the assets in Column B through I. This entry is limited to Lines 19, 20, and 22.

D. LINE ENTRIES

1. Assets, Line 1 - Net Available Assets (for stratification) [Net Assets]. Line 1 net available assets is the difference between the gross assets on Line 1, Matrix I(B) and the assets on Lines 2, 3 and 4, Matrix I(B). These entries are the same as Line 5, Matrix I(B) for all columns except G. Column G is the sum of Line 5, Column H, of Matrices IB, IC, and ID. Returns will not be applied to requirements before the year in which they are forecast to be received; i.e., FY1 returns apply to any requirement; FY2 return apply to FY2 dues out, obligations, and subsequent requirements; and FY3 return apply to FY3 dues out, obligations, and subsequent requirements.

2. Requirements

a. War Reserve Requirements

(1) Line 2 - Protected War Reserve Requirement [Protected]. Line 2 is the same as Line 6a plus 6b(1), Matrix I(D).

(2) Line 3 - Non-Protected War Reserves [Non-Protected]. Line 3 is the same as Line 6b(2), Matrix I(D).

b. Retail Requirements

(1) Line 4 - Retail Peacetime Requisitioning Objective [Retail/Objective]. Line 4 is the sum of Lines 7 through 14, of Matrix I(D).

c. Wholesale Requirements

(1) Line 5 - Due Out [Due Out]. Line 5 is the same as Line 17, Matrix I(B).

(2) Line 6 - Total Demands, Fiscal Year 1 (Forecast of Demands) [Total Demands, FY1]. Line 6 is the same as Line 18, Matrix I(B).

(3) Line 7 - Total Demands, Fiscal Year 2 (Forecast of demands) [Total Demands, FY2]. Line 7 is the same as Line 18, Matrix I(C).

(4) Line 8 - Total Demands, Fiscal Year 3 (Forecast of demands) [Total Demands, FY3]. Line 8 is the same as Line 18, Table I(D).

(5) Line 9 - Safety Level Total [Safety Level].

Line 9 is the same as Line 19, Matrix I(D).

(6) Line 10 - Insurance Objective [Insurance Objective]. Line 10 is the same as Line 20, Matrix I(D).

(7) Line 11 - Life-of-Type Objective [L-O-T Objective]. Line 11 is the same as Line 21, Matrix I(D).

(8) Line 12 - Repair Cycle Level Total [Repair Cycle Level]. Line 12 is the same as Line 22, Matrix I(D).

(9) Line 13 - Production Leadtime Level [PLT Level]. Line 13 is the same as Line 23, Matrix I(D).

(10) Line 14 - Administrative Leadtime Level [ALT Level]. Line 14 is the same as Line 24, Matrix I(D).

(11) Line 15 - Procurement/Economic Order Quantity [Procurement/EOQ Level]. Line 15 is the same as Line 25, Matrix I(D).

(12) Line 16 - Balance War Reserve [Bal WR]. Line 16 is the war reserve requirement that has not been acquired or funded. It is the same as the entry on Line 21, Matrix III.

(13) Line 17 - Approved Acquisition Objective [App. Acquisition Obj]. Line 17 shows the maximum quantity authorized to be on hand. This entry is the sum of Lines 2

through 16 for Columns A through J.

(8) Line 18 - Assets Beyond the AAO [Assets Beyond AAO]. Line 18 is the result of line 1 minus line 17. It reflects those assets that are not forecast to be used in the budget period.

3. Retention

a. Line 19 - Retail Retention Limit [Retail Retention]. Line 19 shows the limit authorized by the Military Services in accordance with DoD 4140.1-R, Chapter 4.B.

b. Line 20 - Economic Retention Limit (ERL) [Economic Retention]. Line 20 shows the assets on hand above the approved acquisition objective that are determined to be more economical to retain for future peacetime issues instead of replacement of future issues by procurement. This is equal to the ERL minus the retail retention limit on line 19 above. I is also the sum of lines 20a and 20b. Requirements shall not exceed the stratified assets.

(1) Line 20a - General [General Econ. Ret.]. Line 20a shows the assets, except EOQ additive assets, authorized to be retained based on economics and reasonably predictable demands.

(2) Line 20b - EOQ Additive [EOQ Additive]. Line 20b shows the assets bought due to a quantity discount or other

economic conditions above the normal EOQ quantity.

c. Line 21 - Contingency Retention Limit [Contingency Retention.]. Line 21 shows the assets authorized to be retained above the ERL for which there is no predictable demand or peacetime requirement, but for which use in specific contingencies justifies retention. Requirements shall not exceed stratified assets. Line 21 is the sum of lines 21a through 21c.

(1) Line 21a - Foreign Military Demand [FMS Demands]. Line 21a shows the portion of the total contingency retention limit based on expectation of foreign military demands not covered by cooperative logistics agreements.

(2) Line 21b - General Contingency [General Cont. Ret.]. Line 21b shows the portion of the total contingency retention limit based on nonmilitary contingencies such as civil emergencies and natural disasters.

(4) Line 21c - Unforecastable Demand [Unforecast Dmd]. Line 21c shows the portion of the total contingency retention limit based the inability to establish accurate demand patterns (specifically inactive items).

d. Line 22 - Total Retention Limit [Total Retention]. Line 22 is the sum of Lines 19, 20 and 21.

e. Line 23 - Potential Reutilization/Disposal [Potential Reutilization]. Line 23 is the difference between Line 18 and Line 22 (Line 18 minus Line 22). These assets have been identified as being available for reutilization within the component or for transfer to the Defense Reutilization and Marketing Service for reutilization by another Component or governmental agency or sale to the public.

E. MATRIX IV EXAMPLE

1. The following page contains an example of the matrix described in this chapter.

2. The codes for the matrix are as follows:

- M Mandatory entry
- x Mandatory entry once the data is available in the automated systems. Until that time, this is an optional entry.

				SECONDARY ITEM STRATIFICATION							
				BUDGET PROJECT _____ - TOTAL							
			TABLE IV - ACQUISITION OBJECTIVE AND RETENTION LIMITS								
			As of _____ 19__ - (Dollars in Thousands)								
	A	B	C	D	E	F	G	H	I	J	
	REQUIRE	RETAIL	SERV.	DUE-IN	UNSERV ON-HAND	UNSERV	ON-ORDER				
ASSETS/ADJUSTMENTS	MENTS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND	RETURN	CONTRACT	COMMIT.	DEFICIT	
1. Net Assets	X	X	X	X	X	X	X	X	X		
A. ACQUISITION OBJECTIVE											
WAR RESERVE REQUIREMENTS											
2. Protected	X	X	X	X	X	X	X	X	X	X	
3. Non-Protected											
RETAIL REQUIREMENTS											
4. Retail Peacetime RO	X	X								X	
WHOLESALE REQUIREMENTS											
5. Dues Out	X		X	X	X	X	X	X	X	X	
6. Total Demand, CY	X		X	X	X	X	X	X	X	X	
7. Total Demand, AY	X		X	X	X	X	X	X	X	X	
8. Total Demand, BY	X		X	X	X	X	X	X	X	X	
9. Safety Level	X		X	X	X	X	X	X	X	X	
10. Insurance Objective	X		X	X	X	X	X	X	X	X	
11. L-O-T Objective	X		X	X	X	X	X	X	X	X	
12. Repair Cycle Level	X		X	X	X	X	X	X	X	X	
13. Production LT Level	X		X	X	X	X	X	X	X	X	
14. Admin LT Level	X		X	X	X	X	X	X	X	X	
15. Procurement/EOQ	X		X	X	X	X	X	X	X	X	
16. Balance War Reserve	X		X	X	X	X	X	X	X	X	
17. App Acquisition Obj	X	X	X	X	X	X	X	X	X	X	
18. Assets Beyond AAO		X	X	X	X	X	X	X	X		
	AUTHOR	RETAIL	SERV.	DUE-IN	UNSERV ON-HAND:	UNSERV.	ON-ORDER			UNDER	
	LIMITS	ASSETS	ON-HAND	OTHER	INDUCT	NOT IND	RETURNS	CONTRACT	COMMIT.	LIMIT	
B. RETENTION LIMITS											
19. Retail Reten. Limit	X	X								X	
Wholesale Retention Limits											
20. Economic Retention	X		X	X	X	X	X	X	X	X	
a. General Econ Ret	X		X	X	X	X	X	X	X		
c. EOQ Additive	X		X	X	X	X	X	X	X		
21. Contingency Retention	X		X	X	X	X	X				
a. FMS Demands	X		X	X	X	X	X				
b. General Cont. Ret	X		X	X	X	X	X				
d. Unforecast DMD	X		X	X	X	X	X				
22. Total Retention	X	X	X	X	X	X	X	X	X	X	
23. Potential Rertilization		X	X	X	X	X	X	X	X		

CHAPTER 6

MATRIX V - LOCAL SECONDARY ITEM STRATIFICATION (LSIS)

A. INTRODUCTION

1. The LSIS will be prepared by inventory management activities within the DoD Components when the retail requirements and/or assets are not prepared in an automated process. The local stratification provides requisitioning objective, readiness status, and a retention position.

2. The local stratification encompasses all retail; i.e., intermediate and consumer level supply system requirements and assets. This stratification shall be a line item stratification for all mechanized stock points. The simulation-of-buy and simulation-of-repair concepts are not prescribed. For small non-mechanized stock points and stock points in active areas of operation, stratification on a statistical basis, instead of a line item stratification, is optional with the military service.

3. Matrix V, Section A displays those requirements for assets required to be on hand and ready-for-issue (RFI) at the retail level as of the stratification cutoff date. Assets in the pipelines and leadtimes are not included. This section establishes a gross measurement of the retail system's capability to satisfy logistic requirements as of a point in time by measuring asset

against on-hand requirement elements. Matrix V(A) displays the minimum desired on hand and maximum authorized stock on-hand requirements for the retail level. It also shows the required readiness status by including the War Reserve requirements. To the degree that the section shows a deficit to the minimum on-hand objective, the serviceable on-hand assets are considered inadequate. To the degree that serviceable on-hand assets are greater than the operating level and/or procurement cycle requirement, the assets are considered excessive. This section shows the actual requirements and assets as of the cutoff date and does not include any forecasts or simulations.

4. Matrix V, Section B, shows the requisitioning objective and retention position that comprise those requirements for assets to be on-hand or on-order as of the stratification date, the anticipated issues for the Current and Budget Years, and War Reserves. This section is required for management of activity inventory levels, retention assets, and identification of local excess. It shows the actual requirements and assets as of the cutoff date and does not include any forecasts or simulations. It includes a memorandum entries of Component retail retention limit and past actual demand and/or usage data.

5. A description follows of the columnar entries, line-item entries, and special instructions for selected cells. The abbreviated title to appear in the data submission is shown in brackets.

B. REPORT HEADINGS

1. Matrix V(A)

LOCAL SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL
MATRIX V(A) - READINESS STATUS
As of _____, 19__
(dollars in thousands)

2. Matrix V(B)

LOCAL SECONDARY ITEM STRATIFICATION
FUNDING CATEGORY_____ - TOTAL
MATRIX V(B) - REQUISITIONING
OBJECTIVE AND RETENTION POSITION
As of _____, 19__
(dollars in thousands)

C. COLUMNAR ENTRIES

1. **Column A, Matrix V(A) - Ready-for-Issue (RFI) Deficit [RFI / Deficit]**. Column A shows the shortage of serviceable or RFI assets for each of the requirement elements. It is the difference between requirement in Column B and the assets in Columns C (Column B minus Columns C).

2. **Column A, Matrix V(B) - Memorandum [Memo]**. Column A provides information about the requirement defined in the numbered line entry (e.g., the number of days of demand represented by the requirement element or the duration of the lead time). The requirements for memorandum entries are specified below.

3. **Column B - Requirements [Require / ments]**. Column B shows the quantitative requirements for the element defined in the line entry as of the cutoff.

4. **Column C - Serviceable On-Hand Assets [Serv. / On Hand]**. Column C shows the serviceable assets on hand at the retail level of supply in Condition Codes A, B, C, D, or E as of the cutoff.

5. **Column D - Unserviceable On-Hand Assets [Unserv. / On Hand]**. Column D shows the quantity of unserviceable assets on hand at the retail level of supply in Condition Code F as of the cutoff.

6. **Column E - On Order/Due In [On Order / Due In]**. Column E shows the serviceable on-order and due-in assets (same condition codes as in Column D) to the retail level of supply from all sources (procurement, maintenance, and wholesale) as of the cutoff. This element will include all assets due in from field returns; disassembly of sets, kits and outfits; fabrication of items; and return of loans.

7. **Column F - Deficit [Deficit]**. Column F shows the quantity of an item's requirement from Column B that exceeds the sum of the assets in Columns C through E.

D. LINE ENTRIES

1. **Matrix V(A), Readiness Status**

a. Assets

(1) Line 1 - Gross Assets, Stratification Cutoff [Gross Assets]. Line 1 shows all assets on hand and due in from all sources that are owned by the reporting DoD Component and under the control of the reporting activity as of the cutoff date. The only exceptions are those assets excluded from stratification. This element provides a total inventory dollar value for asset reporting. (See Chapter 1 section on "Gross Assets" for details.)

(2) Line 2 - Exempt Assets (Not Applicable) [Exemptions]. Line 2 shows those gross assets that are not applicable to requirements in the stratification process based on DoD policy. (See Chapter 1 section on "Gross Assets" for details.)

(3) Line 3 - Forecast of Condemnations (Not Applicable) [Condemnations]. Line 3 applies only to reparable unserviceable assets on hand, Column D. This element displays the value of the unserviceable reparable assets that are expected to be condemned during the overhaul/repair process. Assets discounted on this line will not be stratified to any other element.

(4) Line 4 - Not Repairable [Not Repairable]. Line 4 applies only to reparable unserviceable assets on hand, Column D. This element displays the value of the recoverable unserviceable assets which have

been determined not reparable locally. These assets will be shown on this line and will be included on Line 18, Assets Beyond Readiness.

(5) Line 5 - Net Available Assets (for stratification) [Net Assets]. Line 5 is the difference between the Gross Assets on Line 1 and the not applicable assets Lines 2, 3, and 4 (Line 1 minus the sum of Lines 2, 3, and 4).

b. Requirements

(1) Line 6 - Protected War Reserves [Protected War Reserves]. Line 6 shows the portion of the war reserves that must be reserved and positioned at or near the point of planned usage or issued to users before hostilities and for which funding has been approved.

(2) Line 7 - Stock Due Out [Dues Out]. Line 7 shows the quantity of assets requisitioned by a using activity or unserviceable assets turned with no assets available for issue; a commitment is recorded as of the cutoff date to issue assets from future stock or purchase assets for direct delivery.

(3) Line 8 - Safety Level Total [Safety Level Total]. Line 8 shows the quantity of an item that is required at the retail level to ensure continued operations in the event of fluctuations in demands or in order and/or ship time. The safety level for an item is computed either as a customer wait time goal or a

weapon system operational readiness goal; not as both.

(5) Line 9 - Limited Demand Item Objective [Limited Demand]. Line 9 shows the quantity of an essential item with anticipated usage that must be stocked at the retail level to maintain operational capability of a critical facility or weapon system even though the item fails to meet the established stockage criteria. This requirement is applicable to items whose RSC is SL.

(4) Line 10 - Insurance Stockage Objective [Insurance]. Line 10 shows the quantity of an essential item with an unacceptable lead time. Items in this category are not expected to be replaced because of normal usage but their non would seriously affect the operational capability of a critical facility or weapon system. This requirement is applicable to items whose RSC is SI.

(6) Line 11 - Initial Spares [Initial Spares]. Line 11 shows the quantity of an item specifically stocked to support a newly introduced end-item during the demand development period. This time may not exceed 2 years. This requirement is applicable only to items whose RSC is SP.

(7) Line 12 - Field Repair Cycle Level [Field Repair Level]. Line 12 shows the quantity of an item needed to meet demands during the time an unserviceable asset is being repaired at the field level.

(8) Line 13 - Minimum Retail On-Hand (OH) Objective [Min Retail OH Obj]. Line 13 shows the minimum assets that should be on hand. These entries are the sum of Lines 6 through 12 for Columns B through F.

(9) Line 14 - Operating Level [Operating Level]. Line 14 shows the quantity of an item needed to sustain operations at the retail level of supply in the interval between replenishment requisitions.

(10) Line 15 - Maximum Retail On-Hand Objective [Max Retail OH Obj]. Line 15 shows the maximum assets authorized to be on hand. These entries are the sum of Lines 13 and 14 for Columns B through F.

(11) Line 16 - War Reserve, Balance [Balance War Reserves]. Line 16 shows the unfunded portion of the War Reserve projected to be required as of the cutoff.

(12) Line 17 - Total Readiness Objective [Readiness Obj]. Line 17 is the sum of lines 15 and 16.

(13) Line 18 - Assets Beyond Total Readiness Objective [Assets Byd Read Obj]. Line 18 is the difference between Line 5 and Line 17 (Line 5 minus Line 17) for Columns C through E.

2. Matrix V(B) - Requisitioning Objective and Retention Position

a. Assets

(1) Line 1 - Net Available Assets (for stratification) [Net Assets]. Line 1 is the same as Line 5, Matrix V(A).

b. Requirements

(1) Line 2 - War Reserve [War Reserves]. Line 2 is the same as Line 6, Matrix V(A).

(2) Line 3 - Stock Due Out [Due Out]. Line 3 is the same as Line 7, Matrix V(A).

(3) Line 4 - Safety Level Total [Safety Level Total]. Line 4 is the same as Line 8, Matrix V(A). It is also the sum of Line 4a and 4b.

(4) Line 4a - Customer Wait Time Goal [Custom Wait Time]. Line 4a shows the quantity and/or dollar value of an item that is required at the retail level to ensure a targeted variable (may be fixed) customer wait time goal.

(5) Line 4b - Weapon System Operational Readiness Goal [Oper Read]. Line 4b, shows the quantity and/or dollar value of an item that is required at the retail level to ensure an established weapon system operational readiness goal is met for items managed in accordance with the Secondary Item Weapon System Management (SIWSM) concept.

(7) Line 5 - Limited Demand Item Objective [Limited Demand]. Line 5 is the same as Line 9, Matrix V(A).

(6) Line 6 - Insurance Stockage Objective [Insurance]. Line 6 is the same as line 10, Matrix V(A).

(8) Line 7 - Initial Spares [Initial Spares]. Line 7 is the same as Line 11, Matrix V(A).

(9) Line 8 - Field Repair Cycle Level [Field Repair Level]. Line 8 is the same as Line 12, Matrix V(A).

(10) Line 9 - Order and Shipping Time Level [Order/Ship Time]. Line 9 shows the quantity and/or dollar value of an item required to sustain operations during the interval between the time a retail stock point processes a replenishment requisition to a source of supply and the time the item is received; it is based only on those requisitions for which assets were "in stock" at the supplier.

(11) Line 10 - Operating Level [Operating Level]. Line 10 is the same as Line 14, Matrix V(A).

(12) Line 11 - Retail Requisitioning Objective/Applied Assets/Deficit [Requisition Obj]. Line 11 is the sum of Lines 2 through 10 for Columns B through F.

(13) Line 12 - Assets Beyond Retail Requisitioning Objective [Assets Byd RO]. Line 12 shows the difference between Lines 1 and 11 (1 minus 11) for Columns C through E.

(14) Line 13 - Issue Requirements [Issue Requirements]. Line 13 shows the quantities of net issues (wearouts) for the current, apportionment and budget years. It is the sum of lines 13a and 13b.

(15) Line 13a - Current Year Demands [CY Demands]. Line 13a shows the forecast of issues for the months remaining in the fiscal year at cutoff. For September 30 stratifications this will equal twelve (12) full months of issue and for March 31 stratification, 6 months.

(16) Line 13b - Apportionment Year Demands [AY Demands]. Line 13c shows the forecast of issues for an additional 12 months.

(17) Line 13b - Budget Year Demands [BY Demands]. Line 13c shows the forecast of issues for an additional 12 months.

(18) Line 14 - Balance War Reserves [Balance War Reserves]. Line 14 shows the

(19) Line 15 - Maximum Retention Limit [Max. Retention]. Line 15 is the sum of lines 10, 11, 12 and 13 for Columns B through F.

(20) Line 16 - Assets Beyond Maximum Retention

Limit [Assets BY Retention].

Line 16 is the difference between the sum of Lines 4, Matrix V(A), and 5 minus the Line 14, Section B for Columns C through E.

(21) Line 17 - Past Actual Demand/Usage Data [Total Dmd/Usage Data]. Line 17 shows the total actual historical demand or usage data as of the cutoff date. For the March 31 cutoff, it will equal the prior 6 months. For the September 30 cutoff, it will equal the full 12 months prior.

E. SPECIAL INSTRUCTIONS FOR LINE/COLUMN CELLS

1. Matrix V(A) - Readiness Status. Line 3, Column D. This cell contains the value of the unserviceable reparable assets that are expected to be condemned based on the current washout rates. (See the Chapter 1 section on Reparable Assets in this manual for detailed instructions.)

2. Matrix V(B) - Requisitioning Objective and Retention Position.

a. Line 4, Column A. This cell contains the computed number of days for items and the dollar-weighted number of days of supply the total safety level represents based on the average value of one day of total recurring replenishment demands.

b. Line 4a, Column A. This cell contains the customer wait time goal expressed as percentage (no decimals).

c. Line 4b, Column A. This cell contains the weapon system operational readiness

goal expressed as a percentage
(no decimals).

d. Line 8, Column A.

This cell contains the dollar weighted average repair cycle time in days.

e. Line 9, Column A.

This cell contains the dollar-weighted average order and/or ship time in days for items in stock at the wholesale level of supply.

f. Line 10, Column A.

This cell contains the dollar-weighted average operating level in days based on the average value of one day of demand.

g. Line 14, Column A.

This cell contains the retail retention limit established by the reporting Component in accordance with DoD 4140.1-R, chapter 4 (reference (c)).

F. MATRIX V EXAMPLES

1. The following pages contain examples of the matrices described in this chapter.

2. The codes for the matrices are as follows:

- M Mandatory entry
- x Mandatory entry once the data is available in the automated systems, optional until then.

	LOCAL SECONDARY ITEM STRATIFICATION						
	FUNDING CATEGORY _____ - TOTAL						
	MATRIX V(A) - RETAIL READINESS STATUS						
	As of _____ 19__ - (Dollars in Thousands)						
	A	B	C	D	E	F	G
		REQUIRE-	SERV.	UNSERV.	ON-ORDER		ITEM
ASSETS AND ADJUSTMENTS	RFI	MENTS	ON-HAND	ON-HAND	OTHER	DEFICIT	COUNT
1. Gross Assets		X	X	X	X	X	X
2. Exemptions		X	X	X	X	X	
3. Condemnations		X	X	X	X	X	
4. Not Repairable		X	X	X	X	X	
5. Net Assets		X	X	X	X	X	X
REQUIREMENT PRIORITY							
6. War Reserves		X	X	X	X	X	X
7. Dues Out		X	X	X	X	X	X
8. Safety Level	X	X	X	X	X	X	X
9. Insurance		X	X	X	X	X	X
10. Limited Demand		X	X	X	X	X	X
11. Initial Spares		X	X	X	X	X	X
12. Field Repair Level	X	X	X	X	X	X	X
13. Minimum On-Hand Obj	X	X	X	X	X	X	X
14. Operating Level	X	X	X	X	X	X	X
15. Maximum On-Hand Obj		X	X	X	X	X	X
16. Balance War Reserve			X	X	X		X
17. Total Readiness Obj		X	X	X	X	X	X
18. Assets Beyond RO		X	X	X	X	X	X

LOCAL SECONDARY ITEM STRATIFICATION							
FUNDING CATEGORY _____ - TOTAL							
MATRIX V(B) - RETAIL REQUISITIONING OBJECTIVE AND RETENTION POSITION							
As of _____ 19__ - (Dollars in Thousands)							
	A	B	C	D	E	F	G
		REQUIRE-	SERV.	UNSERV.	ON-ORDER		ITEM
	(MEMO)	MENTS	ON-HAND	ON-HAND	OTHER	DEFICIT	COUNT
ASSETS AND ADJUSTMENTS							
1. Net Assets		X	X	X	X	X	X
REQUIREMENT PRIORITY							
2. War Reserves		X	X	X	X	X	X
3. Dues Out		X	X	X	X	X	X
4. Safety Level	X	X	X	X	X	X	X
a. Customer Wait Time	X	X	X	X	X	X	X
b. Oper. Readiness	X	X	X	X	X	X	X
5. Insurance		X	X	X	X	X	X
6. Limited Demand		X	X	X	X	X	X
7. Initial Spares		X	X	X	X	X	X
8. Repair Level	X	X	X	X	X	X	X
9. Order/Ship Time	X	X	X	X	X	X	X
10. Operating Level	X	X	X	X	X	X	X
11. Requisition Obj		X	X	X	X	X	X
12. Assets Byd RO			X	X	X		X
13. Issue Requirements							
a. CY Demands		X	X	X	X	X	X
b. AY Demands		X	X	X	X	X	X
c. BY Demands		X	X	X	X	X	X
14. Balance War Reserves		X	X	X	X		X
15. Maximum Retention		X	X	X	X	X	X
16. Assets BY Retention	X		X	X	X		X
PAST DEMAND/USAGE							
21. Total Dmd/Usage Data	X						X

CHAPTER 7

MATRIX VI - TRANSITION FROM STRATIFICATION TO BUDGET

A. INTRODUCTION

1. The following description and elements apply to the display for the transition of stratification data into budget estimates. The transition statement is a vehicle for a uniform approach to adjustments required to the basic summary dollar value Matrix I, II, and V stratifications in the development of the secondary item funding requests. It portrays stratification requirements by element and reflects asset applicability, repair, and procurement deficiencies. It provides for adjustments to basic values, reconciliation to certain financial records, and other changes not considered in the stratification process.

2. For budget estimates, at least three separate transition statements will be prepared: the first covers the balance of the current year (CY), FY 1; the second covers the apportionment year (AY), FY 2; and the third covers the biennial budget year (BY), FY 3. A transition statement for biennial BY+1, FY 4, is prepared only when a biennial budget is required. For DoD Components with worldwide visibility of requirements and assets, the transition requirements will be displayed on Matrix VI(A) using the total Matrix I (retail and wholesale). Wholesale requirements for DoD Components

without worldwide visibility will be displayed on Matrix VI(B) using only the wholesale elements of Matrix I. Retail requirements for DoD Components without worldwide visibility will be displayed on Matrix VI(C) using Matrix V. For depot-level reparable items, DoD Components will also prepare Matrix VI(D), Repair Transition using summary Matrix II.

3. Uniform alphabetical column designations and titles are used for all columns in the transition statement except where multiple transactions require more than one column. In those instances, backup columns are identified to the column designator with a numeric suffix and appropriate title. These backup columns will be submitted only upon request from OSD.

B. COLUMNAR ENTRIES

1. Uniform column designations and titles for the summary procurement transition forms are as follows:

<u>Column</u>	<u>Title</u>
A	Summary Matrix I or II [STRAT MATRIX]
B	Demand and Level Adjustments Matrix I or II [DMD/LVL ADJ]
C	Adjustment to Initial Spares [INITIAL SPARES ADJ]
D	Financial record adjustment [FIN RCD ADJ]
E	Program changes adjustments [PROG CHG ADJ]

F Other adjustments [OTHER ADJ]
 G Summary Matrix I or V Retail [RETAIL STRAT]
 H Demands and Levels Adjustments [RETAIL DMD & LVL ADJ]
 I Retail Financial Records Adjustments [RETAIL FIN RCD ADJ]
 J Subtotal, Adjusted Stratification [SUBTOT ADJ STRAT]
 K Logistics Gains/Other Program Increases [CAP/OTHER INCREASES]
 L Logistics Losses/Other Program Decrease [DECAP/OTHER DECREASES]
 M Returns of Material [MATERIEL RETURNS]
 N Transfers to Defense Reutilization and Marketing Office (DRMO) and other changes [TRANSFERS TO DRMO]
 O Total budget (sum of J through N) [TOTAL BUDGET RQMT]
 O(1) Adjustment for Net/Standard [ADJUST NET/STD]
 O(2) Requirements at Net/Standard [RQMTS NET/STD]
 O(3) Conversion to Cost [CONVERT COST]
 O(4) Requirements at Cost [RQMTS AT COST]
 P Obligations at Cost [1ST HALF ACTUAL OBLIGS]
 P(1) Obligations for Mobilization at Cost [MOB OBLIGS AT COST]
 P(2) Obligations for Transportation [TRANS OBLIGS AT COST]
 P(3) Obligations for Repair [REPAIR OBLIGS]
 P(4) Precommitments [LESS PRECOMMITTS]
 Q Fiscal Year Total [TOTAL FY RQMT]

2. Column A - Summary Matrix I, II or V. Specific line entries are identified in Section C, Line Entries, below.

3. Column B - Demand and Level Adjustment, Matrix I.

Column B is used to make adjustments to the basic stratification in Column A. It is customary to delete the Matrix I initial spares stratification if program data are not used in producing the stratification output. Values for this adjustment are developed from the Matrix I Initial Spares Stratification and entered as negative numbers in preparing Column B. The number of adjustments that may occur in Column B will vary but the following are some of the usual ones:

- a. Adjustment to demands to date of last buy.
- b. Demand and/or levels adjustments.
- c. Adjustment to due-out requirements.
- d. Adjustments to specific NSNs.

4. Column C - Adjustment to Provisioning Requirement.

Column C is used to add provisioning/initial spares if the requirements DID NOT appear in the stratification or if the Matrix I provisioning stratification was deleted in Column B. The requirements, assets, and obligations reflected on the initial spares budget exhibit should be added in this column if the provisioning stratification has been deleted in Column B. Column C is also used to reflect the migration of provisioning requirements and assets to other categories, i.e., replenishment, insurance, L-O-T, etc.

5. Column D - Reconciliation of Inventory to Financial Records, Matrices I or II.

Column D is used to reconcile the Matrix I or II stratification of on-hand assets to the financial record. It is also used to adjust line 19a, On Order Beginning of Period Applicable, and line 19c, On order End of Period, if required to account for any unobligated prior-year war reserve funds that are still available for obligation. This column may be used to display the availability of deobligations anticipated during the period or to adjust differences between stratification on-order (contract and commitment) and what actually appears in the financial system. Other typical adjustments are the reconciliation between stratification and the financial records for in-transit assets, and to adjust for accounts payable and progress payments.

6. Column E - Adjustments for Forecast Program Changes Not Included in Basic Stratification Matrices I and II. Column E reflects adjustments needed to satisfy program changes that have not been included in the basic stratification summary in Column A. Those changes, for example, that might occur in Supply and Operational availability goals, forecast price changes, or requirements level changes not included in Column B.

7. Column F - Other Changes Matrices I and II. Column F includes any other adjustments to the stratification summary

data in Column A as of the cutoff date that cannot be accommodated in Columns B through E. Each entry in Column F must be justified separately.

8. Column G - Retail Summary Matrix I or Summary Matrix V.

Line entries for this column are specified in Section C, Line Entries, below.

9. Column H - Retail Demand and Levels Adjustment Matrices I and V. Column H is used to correct errors in the basic retail stratification summary included in Column G. Examples are improper demand base, levels in excess of authorization, and improper pipeline days (order and ship time) and to reduce the full operating level to a balance of operating level. Known program changes to the basic stratification straight line projection are also included in this column.

10. Column I - Adjustments to Reconcile Retail Inventory to Financial Records and to Accommodate Forecast Program Changes Matrices I and V.

Normally, inventory is not reconciled with the financial records at the retail level. However, if gross errors or omissions are found in Matrix I or Matrix V, an adjustment may be necessary. Column I is also used to project the impact of known program changes during the forecast period.

11. Column J - Subtotal Adjusted Stratification. Column J will be the sum of Columns A through F for Matrix VI(B), the sum of Columns G, H and I for

Matrix VI(C), and the sum of Columns A through I for Matrix VI(A).

12. Column K - Logistics Gains and Other Program Increases Matrices I and V.

Column K is used to show adjustments to requirements and assets resulting from expected logistics gains, transfers, and other program increases not shown in Column E. Lines 1 through 11 should reflect increases to issues and requirements as a result of incoming logistical transfers. Lines 17, 17a and 17b should reflect receipts and transfers (including on order materiel) of assets resulting from these transfers. In addition to logistics gains, a subdivision of Column K is used to reflect authorized price escalation that is applied only to the replenishment obligation requirements on Line 22.

13. Column L - Logistics Losses and Other Program Decreases Matrices I and V.

Column L shows adjustments to requirements and assets resulting from expected logistics losses and transfers, and other program decreases during the period. Lines 1 through 11 should reflect decreases to issues and requirements as a result of those transfers. Lines 17, 17a and 17b reflect the transfer of assets.

14. Column M - Returns of Materiel Matrices I and V.

Column M shows projected customer serviceable and unserviceable returns not already reflected in preceding columns. The budget analyst divides unserviceable return

between Line 17a and Line 17b based on stratification ratios or other knowledge. Column M is also utilized to expand unserviceable returns to a prediscouted figure. A subdivision of Column M should be used to make necessary adjustments to accommodate primary inventory control activity (PICA) and secondary inventory control activity (SICA) items.

15. Column N - Transfers to Defense Reutilization and Marketing Office (DRMO) and Other Changes During the Period Matrix I and V.

Column N will include anticipated transfers to DRMO and other changes during the period, such as, other gains and losses and transfers among inventory strata, which affects the applicability of inventory. For transfers to DRMO, the estimated value of the materiel transferred is reflected on Line 17 and 17b. It includes the amount of material expected to be condemned in the repair process. Column N is also used to reverse the amount of material shown on Matrix I (Columns F plus G, Line 3) as being disposed.

16. Column O - Total Budget. Column O is the sum of Columns J through N. If Column O supports fiscal year 1 (current year) of a budget submission, additional columns are required to expand the forecasted 6 months to a total fiscal year.

17. Column O(1) - Adjustment for Exchange/Standard Price Differential. In order to compute the Exchange/Standard Price differential, net customer orders must be separated into non-recurring demand orders

(priced at standard), recurring demand orders with no carcass return (priced at standard) and recurring demand orders with a carcass return (priced at exchange price). The difference between total customer orders at standard price and the sum of non-recurring demand orders, recurring demand orders without carcass return, and recurring demand orders priced as described in the preceding sentence is the first step in calculating the exchange/standard price differential. In order to convert the net customer orders to gross sales for the inventory statement, the change in unfilled customer orders must be computed for each category of orders and subtracted for the net orders for each category. The difference between the change in unfilled customer orders at standard and the change in unfilled customer orders for each category is added to the exchange/standard orders above. Lastly, the credit sales for each category must be computed and added for each category of sales. The difference between the credit sales estimated for each category or orders priced at either exchange or standard and the total estimated credit sales at standard must also be added to the exchange/standard differential. The sum of the exchange/standard price differential for customer orders, the change in unfilled customer orders difference and the addition of the appropriate value of credit sales the amount that should be entered on line 2, Demands to Date of Last Buy. This value should also be

reflected in line 11, Gross Reimbursable Issues, and offset in line 17a, Applicable Changes During the Period.

18. Column O(2) - Requirements at Net - Standard. Column O(2) is the sum of Column O and Column O(1).

19. Column O(3) - Conversion to Cost. Column O(3) is the difference between Column O(2) and Column O(4). Entries are required for lines 18 through Lines 22. It represents the conversion of requirements, on order, commitments, precommitments and obligations from standard to cost.

20. Column O(4) - Requirements at Cost. Column O(4) reflects the net requirements, on order, commitments and obligations at cost.

21. Column P - Obligations at Cost from Beginning of Fiscal Year to Stratification Cutoff Date Matrices I and V. Column P shows the obligations actually incurred from the beginning of the FY to the cutoff date of the stratification matrix used for Column A of the transition statement at cost. These obligations DO NOT include transportation and mobilization obligations.

22. Column P(1) - Obligations for Mobilization. Column P(1) shows the obligations at cost incurred for mobilization from the beginning of the FY to the cutoff date.

23. Column P(2) - Obligations for Transportation Costs.

Column P(2) shows the obligations at cost incurred for transportation from the beginning of the FY to the cutoff date.

24. Column P(3) - Less Precommitments. Column P(3) deletes the precommitments from the total commitments.

25. Column P(4) - Repair Requirement. Column P(4) reflects the obligations at cost incurred for repair from the beginning of the FY to the cutoff date.

25. Column Q - Fiscal Year Total. Column Q shows the total requirement for commitments and obligations at cost.

C. LINE ENTRIES. (Only those entries that are from the stratification or other matrices are described below).

1. Stock Due-Out [DUES OUT] shows the dollar value of dues-out.

a. Matrix VI(A) & VI(B) - Line 1, Column A, is equal to Line 17, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A) - Line 1, Column G, is equal to Line 7, Column B, Matrix I(B), I(C) or I(D).

c. Matrix VI(C) - Line 1, Column G, is equal to Line 7, Column B, Matrix V(A).

d. Matrix VI(D) - Line 1, Column A, is equal to Line 8, Column B, Matrix II(B), II(c) or II(D).

2. Demands to Date of Last Buy [DMD TO DLB] shows the dollar value of demands.

a. Matrix VI(A) & VI(B) - Line 2, Column A, is equal to Line 18, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A), Line 2, Column G, is equal to Line 9, Column B, Matrix I(B), I(C), or I(D).

c. Matrix VI(C) - Line 2, Column G, is equal to Line 10, Column B, Matrix V(A).

3. Demands to Date of Last Induction [DMD TO DLI]. Matrix VI(D) - Line 2, Column A, is equal to Line 9, Column B, Matrix II(B), II(C) or II(D).

4. Safety Level [SAFETY LEVEL] shows the dollar value of safety level total.

a. Matrix VI(A) & VI(B) - Line 3, Column A, is equal to Line 19, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A) - Line 3, Column G, is equal to Line 8, Column B. Matrix I(B), I(C), or I(D).

c. Matrix VI(C) - Line 3, Column G, is equal to Line 8, Column B, of summary Matrix V(A).

d. Matrix VI(D) - Line 3, Column A, is equal to Line 10, Column B, Matrix II(B), II(C) or II(D).

5. Safety Level- Customer Wait Time [CUST WAIT TIME] shows the portion of the dollar value of the safety level total that

is applicable to a customer wait time goal.

a. Matrix VI(A) & VI(B) - Line 3a, Column A is from Line 19a, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A) - Line 3a, Column G, is from Line 8a, Column B, Matrix I(B), I(C), or I(D).

6. **Safety Level - Operational Readiness [OPN READ]** shows the portion of the dollar value of safety level total that is applicable to an operational readiness goal.

a. Matrix VI(A) & VI(B) - Line 3b, Column A, is equal to Line 19b, Column B, Matrix I(B), I(C) or I(D).

b. Matrix VI(A) - Line 3b, Column G is from Line 8b, Column B, Matrix I(B), I(C), or I(D).

7. **Insurance [INSURANCE]** shows the dollar value of the insurance objective level.

a. Matrix VI(A) & VI(B) - Line 4, Column A, is equal to Line 20, Column B, Matrix I(B), I(C) or I(D).

b. Matrix VI(A) - Line 4, Column G, is equal to Line 10 Column B, Matrix I(B), I(C), or I(D).

c. Matrix VI(C) - Line 4, Column G is from Line 9, Column B, Matrix V(A).

d. Matrix VI(D) - Line 4, Column A, shows the dollar value of the insurance objective from

Line 11, Column B, Matrix II(B), II(C) or II(D).

8. **Initial Spares [INITIAL SPARES]** shows the dollar value of provisioning.

a. Matrix VI(A) - Line 5, Column G is the same as Line 11, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(C) - Line 6, Column G, is the same as Line 11, Column B, Matrix V(A).

9. **Life-of-Type [L-O-T]** shows the dollar value of the L-O-T Objective.

a. Matrix VI(A) & VI(B) - Line 6, Column A is equal to Line 21, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(D) - Line 5, Column A is equal to Line 12, Column B, Matrix II(B), II(C), or II(D).

10. **Repair Cycle Levels [REPAIR CYCLE]** shows the dollar value of the repair cycle.

a. Matrix VI(A) & VI(B) - Line 7, Column A, is equal to Line 22, Column B, Matrix I(B), I(C) or I(D).

B. Matrix VI(A) - Line 7, Column G, is equal to Line 12, Column B, Matrix I(B), I(C), or I(D).

C. Matrix VI(C) - Line 7, Column G, is equal to Line 12, Column B, Matrix V(A).

11. **Repair Lead Time [REPAIR LT]** shows the dollar value of

the repair lead time level.
Matrix VI(D) - Line 6, Column A,
is equal to Line 13, Column B,
Matrix II(B), II(C), or II(D).

12. Induction Cycle [INDUCT CYCLE] shows the dollar value of the induction cycle level.
Matrix VI(D) - Line 7, Column A,
is equal to Line 14, Column B,
Matrix II(B), II(C), or II(D).

13. Material Pipeline [MAT'L PIPELINE]. Matrix VI(A) -Line 8
is equal to the sum of Lines 8a
through 8e.

14. Production Lead time [PROD LT] shows the dollar value of the PLT. Matrix VI(A) and
VI(B) -Line 8a, Column A is
equal to Line 23, Column B,
Matrix I(B), I(C) or I(D).

15. Administrative Lead time [ADM LT]. Matrix VI(A) and
VI(B) - Line 8b, Column A, is
equal to Line 24, Column B,
Matrix I(B), I(C), or I(D).

16. Procurement/Economic Order Quantity [PROCUREMENT/EOQ].

a. Matrix VI(A) and VI(B)
- Line 8c, Column A is equal to
Line 25, Column B, Matrix I(B),
I(C), or I(D).

17. Order/Ship Time [OST].

a. Matrix VI(A) - Line
8d, Column G is equal to Line
13, Column B, Matrix I(B), I(C)
or I(D).

b. Matrix VI(C) - Line 8,
Column G, is equal to Line 9,
Column B, Matrix V(B).

18. Operating Level [OPER LVL].

a. Matrix VI(A) -Line 8e,
Column G, is equal to line 14,
Column B, Matrix I(B), I(C) or
I(D).

b. Matrix VI(C) -Line 8,
Column G, is equal to Line 14,
Column B, Matrix V(A).

19. Annual Operating Requirement [ANN. OPR RQMT].
Matrix VI(A), VI(B) and VI(C) -
Line 9 is equal to the sum of
lines 1 through 8 for Columns A
and G.

20. Peacetime Repair Objective [PT REPAIR OBJ].
Matrix VI(D) - Line 8 is equal
to the sum of lines 1 through 7
for Column A.

21. Less Fiscal Year Issues [LESS FY ISSUES].

a. Matrix VI(A) & VI(B) -
Line 10, Column A, is equal to
Line 18, Column A, plus Line 17,
Column B, Matrix I(B), I(C) or
I(D) minus Line 17, Column B,
Matrix I(C) and I(D), or Line
32, Column B, Matrix I(D),
respectively.

c. Matrix VI(C) - Line
10, Column G, is equal to Line
13a, Column B, Matrix V(B).

d. Matrix VI(D) - Line 9,
Column A, is equal to Line 9a
plus Line 9b.

22. Gross Reimbursable Issues [REIMB]. Matrix VI(A) and VI(B)
- Line 10a, Column A, is the
same as Line 10.

23. Recurring Issues

[RECURRING]. Matrix VI(D) - Line 9a, Column A is equal to Line 9a, Column A, Matrix II(B), (C) or (D).

24. Other Issues [OTHER].

a. Matrix VI(A) & VI(B) - Line 10b, Column A, is blank.

b. Matrix VI(D) - Line 9b, Column A, is the sum of Line 8, Column B plus Line 9b through 9e, Column A of Matrix II(B), (C) or (D) minus Line 8, Column B of Matrix (C), (D) or Line 32, Column A, Matrix (D) respectively.

25. Transfers [TRANSFERS]. Matrix VI(A) & VI(B) - Line 10c, Column A, is blank.

26. End of Fiscal Year Peacetime Inventory Objective [END FY PT INV]. Matrix VI(A), VI(B) and VI(C) - Line 11 equals Line 9 minus Line 10.

27. Ending Repair Objective [END REPAIR OBJ]. Matrix VI(D) - Line 10 is equal to Line 8 minus Line 9, Column A.

28. War Reserves [RESERVES WAR].

a. Matrix VI(A) and VI(B) - Line 12, Column A is the same as Line 6b, Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A) - Line 12, Column G is the same as Line 6a, Column B, Matrix I(B), I(C), or I(D).

c. Matrix VI(D) - Line 11, Column A is the same as Line

6, Column B, Matrix II(B), II(C), or II(D).

29. Protected War Reserve [PROT. WAR RES].

a. Matrix VI(A) & VI(B) - Line 12a, Column A is equal to Line 6b(1), Column B, Matrix I(B), I(C), or I(D).

b. Matrix VI(A) - Line 12a, Column G, is the same as Line 12, Column G.

c. Matrix VI(D) - Line 11a, Column A, is equal to Line 6a plus Line 6(b)1, Column B, Matrix II(B), II(C) or II(D).

30. Non-Protected War Reserve [NON-PROTECTED].

a. Matrix VI(A) and VI(B) - Line 12b, Column A is equal to Line 6b(2), Column B, Matrix 1(B), 1(C), or 1(D).

b. Matrix VI(D) - Line 11b, Column A is equal to Line 6b(2), Column B, Matrix II(B), II(C), or II(D).

31. Total Materiel Requirement [TOT MAT'L RQMT]. Matrix VI(A), VI(B), and VI(C) - Line 13, Columns A and G, is the sum of Lines 11 and 12.

32. Total Repair Objective [TOTAL REPAIR OBJ]. Matrix VI(D) - Line 12, Column A is the sum of lines 10 and 11.

33. Active Assets [ACTIVE ASSETS].

a. Matrix VI(A) - Line 14, Column A is the sum of Line

26, Columns D, F and G, Matrix I(B), I(C) or I(D).

b. Matrix VI(A) - Line 14, Column G, is equal to Line 15, Columns C, Matrix I(B), I(C), or I(D).

c. Matrix VI(C) - Line 14, Column G, is the sum of Line 17 Column C and D, Matrix V(A).

d. Matrix VI(D) - Line 13, Column A, is the sum of Line 16, Columns C, D, F and G, Matrix II(B), II(C), or II(D).

34. Active Assets, Peacetime [PEACETIME]. Matrix VI(A), VI(B) and VI(C) - Line 14a, Columns A or G, is equal to line 14 minus 14b and 14c.

35. Assets, Ready for Issue On-Hand Beginning of Period [ON-HAND]. Matrix VI(D) - Line 13a is equal to line 16, Columns C and D, Matrix II(B), II(C) or II(D).

36. Active Assets, War Reserves [WAR RESERVES].

a. Matrix VI(A) & VI(B) - Line 14b, Column A is equal to the sum of lines 6b, Columns D, F, and G, Matrix I(B), I(C) or I(D).

b. Matrix VI(A) - Line 14b, Column G, is equal to line 6a, Column C, Matrix I(B), I(C) or I(D).

d. Matrix VI(C) - Line 14b, Column G, is equal to the sum of Line 6, Columns C and D, Matrix V(A).

37. Intransit. [INTRANSIT]. Matrix VI(A), VI(B), & VI(C) - Line 14c will be blank for Columns A and G.

38. Serviceable Returns [SERV RETURNS]. Matrix VI(D) - Line 13b is equal to Line 16, Column E, Matrix II(B), II(C) or II(D).

39. Active Assets Procurement Receipts Within Repair Lead time [PROC RECEIPTS]. Matrix VI(D) - Line 13c, Column A, is equal to Line 13, Column F, Matrix II(B), II(C), or II(D).

40. Active Assets in Process of Repair [IN PROCESS REP]. Matrix VI(D) - Line 13D, Column A, is equal to Line 16, Column G, Matrix II(B), II(C), or II(D).

41. Inactive Assets [INACTIVE ASSETS].

a. Matrix VI(A) & VI(B) - Line 15, Column A, is equal to the sum of Line 28, Columns D, F and G, Matrix I(B), I(C) or I(D).

b. Matrix VI(C) - Line 15, Column G, is equal to the sum of Line 18, Columns C and D, Matrix V(A).

c. Matrix VI(D) - Line 14, Column A, is equal to the sum of Line 17, Columns C, D, F, G and H, Matrix II(B), II(C), or II(D).

42. Inactive Assets On-Hand [ON-HAND].

a. Matrix VI(A), VI(B) & VI(C) - Line 15a, Column A, is equal to Line 15.

b. Matrix VI(D) - Line 14a, Column A, is equal to Line 17, Columns C plus D, Matrix II(B), II(C) or II(D).

43. Inactive Intransit.
[INTRANSIT]. Matrix VI(A),
VI(B) and VI(C) - Line 16b,
Column A, is blank.

44. Serviceable Returns [SERV
RETURNS]. Matrix VI(D) - Line
14b, Column A, is equal to Line
17, Column E, Matrix II(B),
II(C) or II(D).

45. Procurement Receipts
Within Repair Lead time [PROC.
RECEIPTS]. Matrix VI(D) - Line
14c, Column A, is equal to Line
17, Column F, Matrix II(B),
II(C) or II(D).

46. In Process of Repair [IN
PROCESS REP]. Matrix VI(D) -
Line 14d, Column A, is equal to
Line 17, Column G, Matrix II(B),
II(C) or II(D).

47. Changes During FY
[CHANGES FY]. Matrix VI(A)
and VI(B) - Line 16, Column A,
is the sum of Line 5, Columns E
and H, Matrix I(B), I(C) or
I(D).

48. Changes During FY,
Applicable [APPLICABLE]. Matrix
VI(A) and VI(B) - Line 16a,
Column A, is the sum of Line
27, Column E and H, Matrix I(B),
I(C), or I(D).

49. Changes During FY,
Inapplicable [INAPPLICABLE].
Matrix VI(A) and VI(B) - Line
16b, Column A is equal to Line
16 minus 16a.

50. Other Transactions
Applicable [OTHER APPLICABLE].
Matrix VI(D) - Line 15, Column A
is equal to the sum of Lines 15a
through 15c.

51. Serviceable
[SERVICEABLE]. Matrix VI(D) -
Line 15a, Column A is blank.

52. In Process of Repair [IN
PROCESS REP]. Matrix VI(D) -
Line 15b, Column A is blank.

53. Not Ready for Issue
[NRFI]. Matrix VI(D) - Line 15c,
Column A is blank.

54. Other Transactions
Inapplicable [OTHER
INAPPLICABLE]. Matrix VI(D) -
Line 16, Column A is equal to
the sum of Lines 16a through
16c.

55. Serviceable
[SERVICEABLE]. Matrix VI(D) -
Line 16a, Column A is blank.

56. In Process of Repair [IN
PROCESS REP]. Matrix VI(D) -
Line 16b, Column A is equal to
Line 1 minus Line 5, Column G,
Matrix II(B), II(C) or II(D).

57. Not Ready for Issue
[NRFI]. Matrix VI(D) - Line 16b,
Column A is equal to Line 1
minus Line 5, Column H, Matrix
II(B), II(C) or II(D).

58. Net Requirement [NET
REQUIREMENT]. Matrix VI(A),
VI(B) and VI(C) - Line 17,
Columns A and G, is equal to
Line 13 minus Lines 14 and 16a.

59. Potential Repair
[POTENTIAL REPAIR]. Matrix
VI(D) - Line 17, Column A is
equal to Line 12 minus Lines 13
and 15.

60. On order Beginning of Period [ON ORDER BP].

a. Matrix VI(A) & VI(B) - Line 18, Column A is equal to Line 5, Column I, Matrix I(B), I(C) or I(D).

b. Matrix VI(C) - Line 18, Column G, is equal to Line 5, Column E, Matrix V(A).

61. On Order Beginning of Period, Active [APPLICABLE].

a. Matrix VI(A) & VI(B) - Line 18a, Column A is the same as Line 27, Column I, Matrix I(B), I(C) or I(D).

b. Matrix VI(C) - Line 18a, Column G, is the same as Line 17, Column E, Matrix V(A).

62. On Order Beginning of Period, Inapplicable [INAPPLICABLE].

a. Matrix VI(A) & VI(B) - Line 18b, Column A is equal to Line 28, Column I, Matrix I(B), I(C) or I(D).

b. Matrix VI(C) - Line 18b, Column G, is equal to Line 18, Column E, Matrix V(A).

63. On Order End of Period (Memo) [ON ORD EP]. Matrix VI(A) & VI(B) - Line 18c, Column A is equal to Line 5, Column I, Matrix I(C) and I(D) or Line 27, Column I, Matrix I(D), respectively.

64. Inductions for Repair [REPAIR INDUCTION]. Matrix VI(D) - Line 18, Column A is equal to Line 18a plus Line 18b.

65. Not Ready for Issue On Hand [NRFI ON-HAND]. Matrix VI(D) - Line 18a, Column A is

the same as Line 16, Column H, Matrix II(B), II(C) or II(D).

66. Unserviceable Returns [UNSERV RETURNS]. Matrix VI(D) - Line 18b, Column A is the same as Line 16, Column I, Matrix II(B), II(C) or II(D).

67. Inapplicable Not Ready for Issue on-Hand [INAPPL NRFI]. Matrix VI(D) - Line 19, Column A is the same as Line 17, Column H, Matrix II(B), II(C) or II(D).

68. Inapplicable Unserviceable Returns [INAPPL UNSERV RETS]. Matrix VI(D) - Line 20, Column A is the same as Line 17, Column I, Matrix II(B), II(C) or II(D).

69. In Process of Repair End of Period [IN PROCESS REP]. Matrix VI(D) - Line 21 Column A is the sum of Lines 21a plus 21b.

70. Applicable [APPLICABLE]. Matrix VI(D) - Line 21a, Column A is the same as Line 16, Column G for Matrix II(B) and II(C) or Line 17, Column G for Matrix II(D).

71. Inapplicable [IAPPLICABLE]. Matrix VI(D) - Line 21b, Column A is the same as Line 17, Column G, Matrix II(C) or II(D).

72. Repair Ready for Issue Output [REPAIR RFI OUTPUT]. Matrix VI(D) - Line 22, Column A is the sum of Lines 22a and 22b.

73. Applicable [APPLICABLE]. Matrix VI(D) - Line 22a, Column A is equal to Lines 13d plus 18 minus 21a.

74. Inapplicable
[INAPPLICABLE]. Matrix VI(D) - Line 22b, Column A is equal to Line 14d minus 16b minus 21b.

75. End of Period Applicable Assets **[APPL ASSETS EOP]**.
Matrix VI(D) - Line 23, Column A is the sum of Lines 23a and 23b.

76. Ready for Issue **[RFI]**.
Matrix VI(D) - Line 23a, Column A is the sum of Lines 13a through 13c, plus Line 22a minus line 9.

77. Not Ready for Issue
[NRFI]

77. Not Ready for Issue
[NRFI]. Matrix VI(D) - Line 23b, Column A is blank.

78. End of Period
Inapplicable [EOP INAPPL].
Matrix VI(D) - Line 24, Column A is the sum of Lines 24a and 24b.

79. Ready for Issue **[RFI]**.
Matrix VI(D) - Line 24a, Column A is the sum of Lines 14a through 14c, plus Line 22b.

80. Not Ready for Issue **[]**.
Matrix VI(D) - Line 24b is the sum of Line 19 plus 20 plus or minus Line 16c.

81. Total Commitment & Precommitment **[TOT COM & PC]**.
Matrix VI(A) - Line 19, Columns A and G, equals lines 17 minus 18a.

82. Total Repair Requirement At Standard Cost **[REP RQMT-COST]**. Matrix VI(D) - Line 25 is equal to Line 16, Column K, Matrix II(B), II(C) or II(D).

83. Unobligated Commitments & Precommitments **[UNOBLIG COMMIT]**.
Matrix VI(A) & VI(B) - Line 20, Column A, is equal to Line 5, Column J, Matrix I(C), I(D) or I(E).

84. Less Unscheduled-Funded **[LESS UNSH-FD]**. Matrix VI(D) - Line 20, Column A, will be blank. Line 17, Columns O and Q, will show the unexecuted portion of the Fiscal Year 1 requirement.

85. Obligations at Standard **[OBLIGS AT STD]**. Matrix VI(A), VI(B) & VI(C) - Line 21, Columns A and G, equals Line 19 minus Line 20.

86. Repair Percent **[REPAIR PERCENT]**. Matrix VI(D) - Line 27 is Line 26 divided by Line 19.

D. SPECIAL INSTRUCTIONS FOR BUDGET ESTIMATE AND PRESIDENT'S BUDGET SUBMISSIONS

1. First Half Actual for Budget Estimates. The transition statement supporting the first half actual will be prepared in the same manner as described above with the addition of Column P and Q. These columns will be required since the transition will cover less than a full year in Column O. Column P will reflect obligations at cost from the beginning of the fiscal year to the cutoff date for the stratification matrix used in the transition statement.

2. **Fiscal Year 1 (Current Year) for Budget Estimates.** The transition statement will be prepared as described above with the following exceptions:

a. Column A, Summary Matrix I will be prepared as described above using Matrix I(C).

b. Column C, Provisioning Adjustment (Matrix I) will agree with the first year entries on the provisioned items budget exhibit.

c. Column D, Adjustment to Reconcile Inventory to Financial Records, Matrix I, will be used to reconcile total on hand from the financial inventory record and total outstanding obligations for material from the accounting records including intransit and other inventories. Since stratification values are at standard price while financial values are at cost price, the latter should be raised to standard for reconciliation purposes. The conversion factor will be based on stratified on order at standard price versus stratified on order at latest acquisition cost.

3. **Fiscal Year 2 (Biennial Year 1) for Budget Estimates.**

The transition statement supporting Fiscal Year 2 will be completed as described in Section B above with the following exceptions:

a. Column A, Summary Matrix I, will be prepared using Matrix I(D).

b. Column C, Provisioning Adjustment, Matrix I, will agree with the second year entries on

the provisioned items budget exhibit.

c. Column D, Adjustment to Reconcile Inventory to Financial Records (Matrix I), will be retitled to "Impact of Prior-Year Adjustments". It will reflect the changes in opening inventory as a result of the adjustments made to the previous year's asset position; the impact of the reconciliation to the financial records carried forward; the impact of transactions in the previous year that were not considered in the stratification, i.e., disposals, fund realignments, transfers, etc.

d. Column G, Retail Summary Matrix, demands are equal to Line 17b, Matrix V(A), when not using Matrix I.

e. Column H, Demand and Levels Adjustment will reflect known changes to the basic Matrix I(C) retail requirements; Matrix V(A) straight-line projects; prior year transactions not considered in the stratification, i.e. disposals, capitalizations, decapitalizations, and fund realignments.

f. Column I, Adjustment to Reconcile Inventory to Financial Records (Retail), will be used to reflect changes in the opening inventory resulting from prior year adjustments and the reconciliation of financial record adjustments.

g. Column K, Capitalization and Other Program Increases, will be used to display the impact of annual price changes. Line entries should be developed based on "before" and "after" price

change summary stratifications. These deltas should be reviewed and adjusted as necessary to ensure reasonableness and compatibility with the prior-year price update statistics and with previous fiscal year cost escalation factors.

4. Fiscal Year 3 (Biennial Year 2) for Budget Estimates.

The transition statement for Fiscal Year 3 is prepared as described in Section B, with the following exceptions:

a. Column A, Summary Matrix I, will be developed using Matrix I(E).

b. Column C, Provisioning Adjustment, entries will agree with the third year of the provisioned items budget exhibit.

c. Column D, Adjustment to Reconcile Inventory to Financial Records, will be retitled "Impact of Prior-Year Adjustments." It will be used to reflect changes based on prior years adjustments to inventory and financial record reconciliations.

d. Column K, Capitalization and Other Program Increases, will be used to display the impact of the annual price change. The entries will be as follows:

(1) Line 11 and 11a should equal DoD Budget Statement 5A, Line A, "Impact of Price Change" from previous years transition statement.

(2) Line 2, Demand to Date of Last Buy, should be less than line 11.

(3) Line 1, Stock Due Out, reflects the value of price-updated unfilled customer orders as of 1 October.

(4) Line 7a and 7b, Administrative and Production Lead-times, will be computed by using days from Matrix I(E) and the Line 9 issues.

(5) Line 3, Safety Level, will be computed using Matrix I(E) safety level days and that portion of Column K, Line 9, that is recurring demand.

(6) Line 7d, Procurement Cycle Requirement, is computed using Matrix I(E) PCR days and Column K, Line 9 issues.

(7) Line 11, War Reserve Requirement, Protectable, reflects the impact of price changes on the requirement.

(8) Line 20, Obligations, should not exceed Line 9 since the obligation value for an outyear should basically represent sales replacement costs and not levels deficiencies.

(9) Line 18, Commitments, should equal or approximate the Line 6 dollar value of this transition statement.

(10) Line 17c, EOP On Order, should equal Line 7, on this transition statement.

(11) Line 16, Net Requirement, should equal Line 18 on this transition statement.

(12) Line 15a, Changes FY__ Applicable, will equal Line 12 minus Line 16.

(13) Line 15b, Changes FY__ Inapplicable, will equal the best estimate of the impact of 1 October price changes on inapplicable on-hand and on-order assets.

5. Fiscal Year 1 for President's Budget. The transition statement supporting fiscal year 1 is prepared as described in Section B, above. The exceptions are as follows:

a. Column A will be developed using Matrix I(C).

b. Column G will be developed using Matrix V(A) for all submissions.

c. Column K will include a subdivision (backup column) to reflect the impact of the annual price change.

6. Fiscal Year 2 (Biennial Budget Year 1) for President's Budget. The transition statement will be prepared using the biennial budget year 1 described above. The exceptions are as follows:

a. Column A will use Matrix I(E) for all submissions.

b. Column C will agree with the second year of the provisioned items budget exhibit.

c. Column G will be the same as Section 1.

d. Column K will reflect the impact of the annual price update.

E. MATRIX VI EXAMPLES

The following pages contain examples of the matrices described in this chapter. These matrices will be part of the Component Supply Management DBOF budget submissions.

JUN 95
DoD 4140.1-M

BUDGET PROJECT				TOTAL - FISCAL YEAR				MATRIX VI(A) - TRANSITION FROM STRATIFICATION TO BUDGET											
TOTAL WHOLESALE AND RETAIL PROCUREMENT								AS OF _____, 19 ____ (dollars in thousands)											
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O				
WHOLESALE AND	STRAT	STRAT DMD	INITIAL	FIN RCDS	PROG	OTHER	MATRIX	MATRIX	RET. FIN	SUB	CAP/OTH	DECAP/OTH	MAT'L	TRNSF	TOTAL				
RETAIL BUDGET	TABLE I	LEVEL ADJ	SPRS ADJ	ADJ	CHG ADJ	ADJ	V(A)	V(A) ADJ	RCDS ADJ	TOTAL	INCR.	DECR.	RETS.	DRMO	RQMT				
ELEMENTS																			
1. Dues Out																			
2. Dmd to DLB																			
3. Safety Level																			
a. Cust Wait Time																			
b. OPN Read																			
4. Insurance																			
5. Initial Spares																			
6. L-O-T																			
7. Repair Cycle																			
8. Mat'l Pipeline																			
a. Prod. LT																			
b. Adm. LT																			
c. EOQ/Proc Lvl																			
d. OST																			
e. Oper. Lvl.																			
9. An. Opr. Rqmt																			
10. Less FYxx Issue																			
a. Reimbursable																			
b. Others																			
c. Transfers																			
11. End FYxx PT Inv																			
12. War Reserve																			
a. Protected																			
b. Non-Protected																			
13. Tot Mat'l Rqmt																			
14. Active Asset																			
a. Peacetime																			
b. War Reserve																			
c. Intransit																			
15. Inactive Assets																			
a. On Hand																			
b. Intransit																			
16. Changes, FYxx																			
a. Applicable																			
b. Inapplicable																			
17. Net Requirement																			
18. On Order BP																			
a. Applicable																			
b. Inapplicable																			
c. On Order EP																			
19. Total Com & PC.																			
20. Unoblig Commit.																			
21. Obligs at STD																			

BUDGET PROJECT		TOTAL - FISCAL YEAR				MATRIX VI(A) - TRANSITION FROM STRATIFICATION TO BUDGET									
TOTAL WHOLESALE AND RETAIL PROCUREMENT						AS OF _____, 19__ (dollars in thousands)									
		O	O(1)	O(2)	O(3)	O(4)	P	P(1)	P(2)	P(3)	P(4)	Q			
WHOLESALE AND	TOTAL	ADJUST	RQMTS	CONVERT	RQMTS	AT COST	1ST HALF	MOB OBS	TRANS OBS	REPAIR	LESS	TOT FY			
RETAIL BUDGET	RQMT	NET/STAND	NET/STAND	COST	AT COST	AT COST	ACTUAL	AT COST	AT COST	OBLIGS	PRECOM	RQMT			
ELEMENTS															
1. Dues Out															
2. Dmd to DLB															
3. Safety Level															
a. Cust. WT															
b. OPN Read															
4. Insurance															
5. Initial Spares															
6. L-O-T															
7. Repair Level															
8. Mat'l Pipeline															
a. Prod. LT															
b. Adm. LT															
c. EOQ/Proc Lvl															
d. OST															
e. Oper. Lvl.															
9. An Opr. Rqmt															
10. Less FYxx Issue															
a. Reimbursable															
b. Others															
c. Transfers															
11. End FYxx PT Inv															
12. War Reserve															
a. Protected															
b. Non-Protected															
13. Tot Mat'l Rqmt															
14. Active Asset															
a. Peacetime															
b. War Reserve															
c. Intransit															
15. Inactive Assets															
a. On Hand															
b. Intransit															
16. Changes, FYxx															
a. Applicable															
b. Inapplicable															
17. Net Requirement															
18. On Order BP															
a. Applicable															
b. Inapplicable															
c. On Order EP															
19. Total Com & PC.															
20. Unoblig Commit.															
21. Oblig at STD															

BUDGET PROJECT		TOTAL - FISCAL YEAR				MATRIX VI(B) - TRANSITION FROM STRATIFICATION TO BUDGET									
TOTAL WHOLESALE PROCUREMENT						AS OF _____, 19__ (dollars in thousands)									
A	B	C	D	E	F	J	K	L	M	N	O				
STRAT TABLE I	STRAT DMD LEVEL ADJ	INITIAL SPRS ADJ	FIN RCDS ADJ	PROG CHG ADJ	OTHER ADJ	SUB TOTAL	CAP/OTH INCR.	DECAP/OTH DECR.	MAT'L RETS.	TRNSF DRMO	TOTAL RQMT				
WHOLESALE															
BUDGET															
ELEMENTS															
1. Dues Out															
2. Dmd to DLB															
3. Safety Level															
a. Cust. WT															
b. OPN Read															
4. Insurance															
5. Initial Spares															
6. L-O-T															
7. Repair Level															
8. Mat'l Pipeline															
a. Prod. LT															
b. Adm. LT															
c. EOQ/Proc Lvl															
9. An Opr. Rqmt															
10. Less FYxx Issue															
a. Reimbursable															
b. Others															
c. Transfers															
11. End FYxx PT Inv															
12. War Reserve															
a. Protected															
b. Non-Protected															
13. Tot Mat'l Rqmt															
14. Active Asset															
a. Peacetime															
b. War Reserve															
c. Intransit															
15. Inactive Assets															
a. On Hand															
b. Intransit															
16. Changes, FYxx															
a. Applicable															
b. Inapplicable															
17. Net Requirement															
18. On Order BP															
a. Applicable															
b. Inapplicable															
c. On Order EP															
19. Total Com & PC.															
20. Unoblig Commit.															
21. Obligs at STD															

BUDGET PROJECT		TOTAL - FISCAL YEAR				MATRIX VI(B) - TRANSITION FROM STRATIFICATION TO BUDGET					
TOTAL WHOLESALE PROCUREMENT						AS OF _____, 19__ (dollars in thousands)					
WHOLESALE	O	O(1)	O(2)	O(3)	O(4)	P	P(1)	P(2)	P(3)	P(4)	Q
BUDGET	TOTAL	ADJUST	RQMTS	CONVERT	RQMTS	1ST HALF	MOB OBS	TRANS OBS	REPAIR	LESS	TOT FY
ELEMENTS	RQMT	NET/STAND	NET/STAND	COST	AT COST	ACTUAL	AT COST	AT COST	OBLIGS	PRECOM	RQMT
1. Dues Out											
2. Dmd to DLB											
3. Safety Level											
a. Cust. WT											
b. OPN Read											
4. Insurance											
5. Initial Spares											
6. L-O-T											
7. Repair Level											
8. Mat'l Pipeline											
a. Prod. LT											
b. Adm. LT											
c. EOQ/Proc Lvl											
9. An Opr. Rqmt											
10. Less FYxx Issue											
a. Reimbursable											
b. Others											
c. Transfers											
11. End FYxx PT Inv											
12. War Reserve											
a. Protected											
b. Non-Protected											
13. Tot Mat'l Rqmt											
14. Active Asset											
a. Peacetime											
b. War Reserve											
c. Intransit											
15. Inactive Assets											
a. On Hand											
b. Intransit											
16. Changes, FYxx											
a. Applicable											
b. Inapplicable											
17. Net Requirement											
18. On Order BP											
a. Applicable											
b. Inapplicable											
c. On Order EP											
19. Total Com & PC.											
20. Unoblig Commit.											
21. Obligs at STD											

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BUDGET PROJECT		TOTAL - FY		MATRIX VI(C)-TRANSITION FROM STRATIFICATION TO BUDGET																AS OF		_____, 19__ (dollars in thousands)																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											
TOTAL RETAIL PROCUREMENT																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	

BUDGET PROJECT		TOTAL - FISCAL YEAR				MATRIX VI(D) - TRANSITION FROM STRATIFICATION TO BUDGET									
TOTAL REPARABLE						AS OF _____, 19__ (dollars in thousands)									
WHOLESALE AND															
RETAIL BUDGET	A					J								O	
ELEMENTS	STRAT					SUBTOTAL								TOTAL	
1. Dues Out	TABLE I														
2. Dmd to DLI															
3. Safety Level															
4. Insurance															
5. L-O-T															
6. Repair Leadtime															
7. Induction Cycle															
8. PT Repair Obj.															
9. Less FYxx Issue															
a. Recurring															
b. Non-Recurring															
10. End Repair Obj.															
11. War Reserve															
a. Protected															
b. Not-Protected															
12. Tot Repair Obj.															
13. Active Asset															
a. On-Hand															
b. Serv Returns															
c. Proc Receipt															
d. In Process Rep															
14. Inactive Assets															
a. On-Hand															
b. Serv Returns															
c. Proc Receipt															
d. In Process Rep															
15. Other Applicable															
a. Serviceable															
b. In Process Rep															
c. NRFI															
16. Other Inapplicable															
a. Serviceable															
b. In Process Rep															
c. NRFI															
17. Potential Repair															
18. Repair Inductions															
a. NRFI On-Hand															
b. Unser Returns															
19. Inapplicable NRFI															
20. Inappl Unser Rets															
21. In Process Rep EOP															
a. Applicable															
b. Inapplicable															
22. Repair RFI Output															
a. Applicable															
b. Inapplicable															
23. EOP Applicable															
a. RFI															
b. NRFI															
24. EOP Inapplicable															
a. RFI															
b. NRFI															
25. Repair Cost															
26. Repair Percent															